

**STATE OF NEBRASKA**



**2002**

**ANNUAL ACTION PLAN**

**Housing and  
Community Development Programs**

*Nebraska*

**DEPARTMENT OF ECONOMIC DEVELOPMENT**



**NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF COMMUNITY AND RURAL DEVELOPMENT**

**Effective July 1, 2002 – June 30, 2003**



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Nebraska  
Housing and Community Development  
Programs  
2002 ANNUAL ACTION PLAN



Mike Johanns, Governor  
STATE OF NEBRASKA

Lead Agency:

▪ Department of Economic Development

**L. Allan Wenstrand, Director**  
**P. O. Box 94666**  
**301 Centennial Mall South**  
**Lincoln, NE 68509-4666**  
**(402) 471-3111**  
**(800) 426-6505**  
**FAX (402) 471-3778**

Division of Community and Rural Development

- **Gary Hamer, Director**
- **Steve Charleston, Deputy Director, CDBG Program Manager**
- **Lara Huskey, HOME Program Manager**
- **Jason Sokolewicz, Consolidated Plan Coordinator**

Division of Business Development

- **Darl Naumann, Director**

Partnering Agency:

▪ Health and Human Services Systems

Department of Services

- **Fayette C. Carpenter, ESG Program Manager**

Plan Contact Person

- **Jason Sokolewicz, Consolidated Plan Coordinator**

# Section One: Introduction and National and State CDBG Objectives

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<b>Action Plan Acronym List</b>	
<b>Acronym</b>	<b>Full Name</b>
<b>AHP</b>	<b>A</b> ffordable <b>H</b> ousing <b>P</b> rogram
<b>AIDS</b>	<b>A</b> cquired <b>I</b> mmune <b>D</b> eficiency <b>S</b> yndrome
<b>ANCHoR</b>	<b>A</b> utomated <b>N</b> ational <b>C</b> lient-specific <b>H</b> omeless services <b>R</b> ecording
<b>CDBG</b>	<b>C</b> ommunity <b>D</b> evelopment <b>B</b> lock <b>G</b> rant
<b>CFR</b>	<b>C</b> ode of <b>F</b> ederal <b>R</b> egulation
<b>CHAS</b>	<b>C</b> omprehensive <b>H</b> ousing <b>A</b> ffordability <b>S</b> trategy
<b>CHDO</b>	<b>C</b> ommunity <b>H</b> ousing <b>D</b> evelopment <b>O</b> rganization
<b>CNF</b>	<b>C</b> ommunity <b>N</b> eed <b>F</b> actors
<b>CR</b>	<b>C</b> omprehensive <b>R</b> evitalization
<b>DED</b>	<b>N</b> ebraska <b>D</b> epartment of <b>E</b> conomic <b>D</b> evelopment
<b>DEQ</b>	<b>N</b> ebraska <b>D</b> epartment of <b>E</b> nvironmental <b>Q</b> uality
<b>EPA</b>	<b>E</b> nvironmental <b>P</b> olicy <b>A</b> ct
<b>ESG</b>	<b>E</b> mergency <b>S</b> helter <b>G</b> rant
<b>ESGP</b>	<b>E</b> mergency <b>S</b> helter <b>G</b> rant <b>P</b> rogram
<b>FEMA</b>	<b>F</b> ederal <b>E</b> mergency <b>M</b> anagement <b>A</b> gency
<b>FIC</b>	<b>F</b> amily <b>I</b> ntestment <b>C</b> enters
<b>FNMA</b>	<b>F</b> ederal <b>N</b> ational <b>M</b> ortgage <b>A</b> ssociation (Fannie Mae)
<b>GNMA</b>	<b>G</b> overnment <b>N</b> ational <b>M</b> ortgage <b>A</b> ssociation (Ginnie Mae)
<b>HCDCC</b>	<b>H</b> olistic <b>C</b> ommunity <b>D</b> evelopment <b>C</b> onsulting <b>C</b> ommittee
<b>HHSS</b>	<b>N</b> ebraska <b>H</b> ealth and <b>H</b> uman <b>S</b> ervices <b>S</b> ystem
<b>HIV</b>	<b>H</b> uman <b>I</b> mmunodeficiency <b>V</b> irus
<b>HOPE</b>	<b>H</b> ome <b>O</b> wnership for <b>P</b> eople <b>E</b> verywhere
<b>HOPWA</b>	<b>H</b> ousing <b>O</b> pportunities for <b>P</b> ersons with <b>A</b> IDS
<b>HSATF</b>	<b>H</b> omeless <b>S</b> helter <b>A</b> ssistance <b>T</b> rust <b>F</b> und
<b>HUD</b>	<b>U</b> . <b>S</b> . <b>D</b> epartment of <b>H</b> ousing and <b>U</b> rban <b>D</b> evelopment
<b>LMI</b>	<b>P</b> ersons with <b>L</b> ow to <b>M</b> oderate <b>I</b> ncome
<b>NAC</b>	<b>N</b> ebraska <b>A</b> ssociation of <b>C</b> HDOs
<b>NAHRO</b>	<b>N</b> ational <b>A</b> ssociation of <b>H</b> ousing and <b>R</b> edevlopment <b>O</b> fficials
<b>NAHTF</b>	<b>N</b> ebraska <b>A</b> ffordable <b>H</b> ousing <b>T</b> rust <b>F</b> und
<b>NCHH</b>	<b>N</b> ebraska <b>C</b> ommission on <b>H</b> ousing and <b>H</b> omelessness
<b>NCIP</b>	<b>N</b> ebraska <b>C</b> ommunity <b>I</b> mprovement <b>P</b> rogram
<b>NHAP</b>	<b>N</b> ebraska <b>H</b> omeless <b>A</b> ssistance <b>P</b> rogram
<b>NRD</b>	<b>N</b> ebraska <b>N</b> atural <b>R</b> esources <b>D</b> epartment
<b>PHDEP</b>	<b>P</b> ublic <b>H</b> ousing <b>D</b> rug <b>E</b> limination <b>P</b> rogram
<b>PW</b>	<b>P</b> ublic <b>W</b> orks
<b>RDC</b>	<b>R</b> ural <b>D</b> evelopment <b>C</b> ommission
<b>SRO</b>	<b>S</b> ingle <b>R</b> oom <b>O</b> ccupancy <b>H</b> ousing <b>P</b> rogram
<b>TIF</b>	<b>T</b> ax <b>I</b> ncrement <b>F</b> inancing
<b>TOP</b>	<b>P</b> ublic <b>H</b> ousing <b>T</b> enant <b>O</b> pportunities <b>P</b> rogram
<b>USDA - RD</b>	<b>U</b> . <b>S</b> . <b>D</b> epartment of <b>A</b> griculture - <b>R</b> ural <b>D</b> evelopment
<b>WW</b>	<b>W</b> ater <b>W</b> astewater
<b>YSP</b>	<b>Y</b> outh <b>S</b> port <b>P</b> rogram

# INTRODUCTION

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## PURPOSE . . .

The 2002 Annual Action Plan updates the *Nebraska Housing and Community Development Consolidated Plan*, a five-year plan (2000-2004) addressing the state's housing and community development needs. The purpose of each annual action plan is to:

- **Summarize** the state's five-year priorities and strategies for housing, homelessness, community development, and the community development delivery system;
- **Describe** what the state proposes to do to further the five-year priorities and strategies of the *Consolidated Plan*;
- **Explain** the state's method for distributing CDBG, HOME, ESGP, HSATF, and Housing Trust Fund monies. Activities funded from these three programs must meet the priorities identified in the five-year *Consolidated Plan*;
- **List** the resources available to grantees and the state to further the five-year strategies;
- **Report** on specific items required by the U.S. Department of Housing and Urban Development (HUD), such as lead-based paint actions and removal of barriers to affordable housing;
- **Review** citizen comments about the 2002 Annual Action Plan and give a response from the Department of Economic Development.



## ALLOCATION OF 2002 FUNDS

The Annual Action Plan for 2002 summarizes categories and priorities for the distribution of approximately \$15,117,000 in Community Development Block Grant (CDBG) funds, \$5,318,000 in HOME program funds, and \$526,000 in Emergency Shelter Grant Program (ESGP) funds from the U.S. Department of Housing and Urban Development (authorized under the Housing and Community Development Act of 1974, as amended); \$1,510,000 in Homeless Shelter Assistance Trust Funds (HSATF) and \$5,000,000 in Nebraska Affordable Housing Trust Funds (NAHTF). The document also describes program priorities and projected use of funds as well as any funds: (1) remaining or recaptured from previous CDBG allocations; (2) reallocated by HUD to the state; and (3) from program income to be distributed by the state during 2002.

### 2002 Allocation

<i>Table 1</i>	<b>CDBG<sup>6</sup></b>	<b>NAHTF<sup>7</sup></b>	<b>HOME</b>	<b>ESG</b>	<b>HSATF<sup>8</sup></b>	<b>Total Funds</b>
Distribution <sup>1</sup>	14,563,490 (96)%	4,900,000 (98%)	4,786,200 (90%)	499,700 (95%)	1,460,000 (97%)	\$26,209,390
State Admin and Operations	402,340 <sup>2</sup> (2% + \$100,000)	100,000 (2%)	531,800 <sup>3</sup> (10%)	26,300 (5%)	50,000 (3%)	\$1,110,440
Technical Assistance	\$151,170 <sup>4</sup> (1%)					\$151,170
Total 2001 Allocations <sup>5</sup>	\$15,117,000	\$5,000,000	\$5,318,000	\$526,000	\$1,510,000	\$27,471,000

<sup>1</sup> Funds available for distribution to eligible program applicants and local governments.

<sup>2</sup> Dollar amount reserved for state administration may not exceed 2% of the total base allocation plus \$100,000.

<sup>3</sup> State recipients (local governments) may also receive administrative funds.

<sup>4</sup> Dollar amounts reserved for state technical assistance may not exceed 1% of the total base allocation and recaptured funds. The technical assistance is provided by the state for capacity building for local governments and nonprofit organizations.

<sup>5</sup> Includes all distribution, state administration, and technical assistance available from 2002 CDBG, NAHTF, HOME, ESG, and HSATF programs. Does not include reallocated funds.

<sup>6</sup> \$302,340 will be provided by DED as match to the CDBG administration allocation. This amount fulfills the matching requirements of the CDBG Program.

<sup>7</sup> The NAHTF allocation of \$5,000,000 provides a 104% match to the \$4,786,200 HOME allocation. The State match surpasses the HOME matching requirement of not less than 25%.

<sup>8</sup> The HSATF allocation of \$1,510,000 meets the ESG Program dollar-for-dollar matching requirement.

## THE NEBRASKA HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN

The 2002 Action Plan is the third of five annual plans. Each action plan describes the one-year actions and funding priorities used to carry out the five-year *Nebraska Housing and Community Development Consolidated Plan*. The *Consolidated Plan* is a comprehensive document identifying the state's housing, economic and community development needs for 2000-2004. As the lead state agency responsible for the CDBG and HOME programs, the Nebraska Department of Economic Development (DED) must complete the *Consolidated Plan* (and annual action plans) to receive federal funds for these programs (DED also administers the Nebraska Affordable Housing Trust Fund). The Nebraska Health and Human Services System (HHSS) administers the ESG program and contributes to the homeless part of the plan (HHSS also administers the Homeless Shelter Assistance Trust Fund). Covering all areas of the state, except Omaha and Lincoln, the *Consolidated Plan* establishes funding priorities for the three federal programs, outlines strategies, and identifies one-year actions for program implementation and funding. (As entitlement areas, the cities of Lincoln and Omaha receive funds for these programs directly, and are required to submit and prepare their own *Consolidated Plans*.) The *Consolidated Plan* replaces the Comprehensive Housing Affordability Strategy (CHAS) with a document that consolidates the planning and application aspects of the above federal programs. The Annual Action Plan also serves as the Qualified Allocation Plan for the NAHTF.

***Partnerships for Housing and Community Development*** The state views this planning requirement as an opportunity to extend and strengthen partnerships among organizations in the public, private, and nonprofit sectors. The goals of the *Consolidated Plan* are to provide decent housing, maintain a suitable living environment, and expand economic opportunities for all Nebraskans. As the lead agency for the *Consolidated Plan*, DED's challenge is to meet these goals using limited resources. In addition to administering CDBG, HOME and NAHTF, DED serves as a facilitator, coordinator, capacity builder, and technical assistance provider to the rural citizens and communities of Nebraska. DED believes housing, homelessness, and community and economic development needs can only be met by working in partnership with other agencies and local governments, and therefore does not provide funding directly to beneficiaries.

### ***Nebraska's Consolidated Planning Process . . .***

- Estimates housing, homeless, and community development needs for 2000-2004;
- Describes the state's housing market;
- Uses a comprehensive consultation and citizen participation process to determine priority needs;
- Outlines five-year strategies for community development, housing, and homelessness;
- Gives actions (updated annually) for funding that provide a basis for measuring and assessing performance. This action plan describes the state's method for distributing funds under formula allocations and using other HUD assistance during the program year.

For a copy of the *Consolidated Plan*, contact the Division of Community and Rural Development.

# NATIONAL AND STATE CDBG OBJECTIVES

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# National CDBG Objectives and State of Nebraska's CDBG Goal

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**“The primary national CDBG objective is to develop viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low- and moderate-income persons (LMI).”**

## NATIONAL CDBG OBJECTIVES

These objectives are achieved through funding projects designed to meet at least one of the following: (1) benefit low- and moderate-income persons; (2) prevent or eliminate slums or blight; and (3) meet urgent community development needs.

Based on the amended 1974 Housing and Community Development Act, and Department of Housing and Urban Development (HUD) guidance, the national objectives are defined and clarified by DED as follows:

1. "Low-and moderate-income person" (referred to throughout this document as LMI person) means a member of a family having an income equal to or less than the Section 8 lower income limit established by HUD for their family size in their county of residence as published in the CDBG application guidelines. Unrelated individuals shall be considered as one-person families for this purpose. The income limits are determined for each Nebraska county on the higher of either: 80% of the median income of the county, or 80% of the median income of the entire nonmetropolitan area of the state. An assisted activity generally meets this national objective when it:
  - A. is designed to serve an area primarily residential in character in which at least 51% of the residents are LMI, and is clearly designed to meet identified needs of LMI persons.
  - B. is designed to benefit a limited clientele in which at least 51% of the clientele are LMI persons, and is clearly designed to meet identified needs of LMI persons.
  - C. involves the acquisition or rehabilitation of property to provide housing only to the extent such housing will, upon completion, be occupied by LMI persons.
  - D. is carried out by public or private nonprofit entities, or private, for-profit entities for an eligible economic development activity which:
    - i) creates jobs at least 51% of which are either (1) actually taken by LMI persons, or (2) considered available to them because:
      - (a) special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business

- nevertheless agrees to hire unqualified persons and provide them training; and
  - (b) the local government or the assisted business takes actions that would ensure that LMI persons receive first consideration for filling such jobs; or
  - ii) retains jobs at least 51% of which are actually held by LMI persons at the time the assistance is provided plus any other jobs that can reasonably be expected to become available through turnover to LMI persons in a period of two years thereafter, using the standards established in (1)(d)(i) of the 1974 Housing and Community Development Act.
- E.** is a planning-only activity that can document that at least 51% of the persons who would benefit from implementation of the plan are LMI persons, or the planning activity is undertaken for an area or community that is 51% LMI persons.
2. "Slums" has the same meaning as substandard areas as defined in Section 18-2103(10) Neb. R.R.S. "Blight" has the same meaning as blighted areas as defined in Section 18-2103(11) Neb. R.R.S.
- A.** an assisted activity generally meets this national objective when it occurs in an area which has been designated by official action of the local government as substandard or blighted in accordance with the applicable state statute and which has a substantial number of deteriorated or deteriorating structures, and is designed to address one or more of the conditions upon which such designation was made.
  - B.** is a planning-only activity that can document the plans are for a slum or blighted area, or if all planning elements are necessary and related to the slum and blight criteria.
3. "Community development needs having a particular urgency" are existing conditions that pose serious and immediate threat to the health and welfare of the local government's citizenry where other financial resources are not available to meet such needs. An assisted activity generally meets this national objective when the local government certifies and DED determines that:
- A.** the assisted activity is designed to alleviate existing conditions posing a serious and immediate threat to the health or welfare of the community, which are documented by independent authority(ies) and being of recent origin or urgency that is generally determined by the developing condition or becoming critical within 18 months preceding certification and determination;
  - B.** the local government is unable to finance the activity on its own (due to the existing and/or proposed annual average debt fee for the facility/service, which exceeds one percent of the median family income of the community/county in which the project is located); and
  - C.** that other sources of funding are not available.

## **STATE OF NEBRASKA'S CDBG GOAL**

This is achieved through investing in quality communities and quality projects designed to meet the objectives for three priorities: Housing, Community Development, and Economic Development.

### ***Projected Use of 2002 CDBG Funds***

The 2002 CDBG Funds will be used for activities authorized in Section 105(a) of the amended 1974 Housing and Community Development Act that meet the national CDBG objectives. The state certifies that not less than 70% of the aggregate funds received during 2001, 2002, and 2003 shall be used for activities benefiting LMI persons. Information for the current certification period is available upon request from DED.

CDBG and HOME are not specifically targeted to areas of minority concentration, but are distributed throughout the state's non-entitlement areas targeted for activities that serve LMI persons. Maps illustrating the geographic distribution of CDBG and HOME funds can be found in the Annual Performance Report (APR) for each funding category. Minority beneficiary data for race, gender, and disability is maintained on a quarterly basis and also summarized in the APR. Since projects funded in CDBG and HOME typically provide community-wide benefit, it can be assumed minority groups benefit equally in the same proportion as they occur in the general population. Scoring criteria for applications also reflects preference to projects that affirmatively market the availability of assistance to minority populations.

### ***Categorical Allocation of 2002 CDBG Funds***

The categories set forth in the Categorical Allocation of 2002 CDBG, HOME, ESG, HSATF, and NAHTF programs attempt to balance the need for providing jobs and suitable places to live. Funds are reserved in each category based on a percent of the total funds available for distribution to local governments. The state is allowed \$100,000 plus 2% of the state grant and program income for administration. The state reserves an additional 1% for technical assistance to grant recipients. To achieve the most effective and efficient use of CDBG funds, DED may, at its discretion, reallocate up to 10% of the total distribution amount among categories. Reallocation of more than 10% can only be made after an official public hearing and shall be used for activities eligible under the 2002 CDBG program.

# Distribution of Other Funds

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## **A. Remaining Funds**

Funds remaining uncommitted and unobligated from prior years' allocations in the Community Development Category on the acceptance date for the 2002 CDBG Program shall be distributed in conformance with the 2002 Community Development Category.

Funds remaining uncommitted and unobligated from prior years' allocations in the Economic Development Category on the acceptance date for the 2002 CDBG Program shall be distributed in conformance with the 2002 Economic Development Category, or at the discretion of the Director of DED, shall be committed to the Community Development or Housing Category and distributed in whole or part in accordance with the 2002 Community Development or Housing Category Guidelines.

Any funds remaining uncommitted and unobligated from the 2002 allocation in the Community Development, Housing or Planning Category following the application cycle shall be combined with recaptured funds from prior years' grantees and distributed according to the method of distribution for redistributed funds described below.

## **B. Reallocated Funds**

Funds reallocated by HUD during 2002 shall be used in conformance with the 2002 CDBG program guidelines, unless otherwise specified by HUD.

## **C. Redistributed Funds (Estimated Amount for 2002 Program Year: \$450,000)**

Funds periodically recaptured by DED from grantees include, but are not limited to: (a) unexpended CDBG funds for approved activities; and (b) disallowed expenditures of CDBG funds for unapproved or ineligible activities. Up to 1% of the funds recaptured shall be subject to and available for use for state technical assistance. Funds recaptured from prior CDBG projects will be redistributed in conformance with the 2002 category that is most similar to the category from which the original award was made. Funds recaptured from Economic Development Category grantees will be redistributed in conformance with 2002 guidelines. Funds recaptured from Community Development, Housing, and Planning Category grantees will be redistributed in conformance with 2002 guidelines as follows: (1) if there are sufficient funds within 181 days from the date of 2002 grant award, the next ranked fundable applicant(s) will be awarded; or (2) if funds are insufficient, they and any other funds recaptured after the 181 day period and prior to the 2002 CDBG application acceptance date may be redistributed in conformance with the guidelines of any 2002 CDBG category. Funds recaptured from Housing Development Category grantees will be redistributed in conformance with the Housing Rehabilitation priority of the Community Development Category 2002 guidelines.

## **D. Program Income (Estimated Amount for 2002 Program Year: \$225,000)**

Program income includes, but is not limited to: a) payments of principal and interest on loans made using CDBG funds; b) proceeds from the lease or disposition of real property acquired with CDBG funds; c) interest earned on CDBG funds held in a revolving fund account; and d) interest earned on any program income pending disposition of such income.

The state CDBG objective for program income is to provide adequate financing for local development to ensure Nebraska's economic prosperity and to use all resources in a timely manner. Additionally, the state is seeking to provide a uniform policy for use of program income that coordinates local and state resources to the fullest extent possible. The state is responsible for ensuring that program income at the state and local levels is used in accordance with applicable federal laws and regulations. Federal regulations also allow the state to require the return of program income provided the local government has an opportunity to propose a reuse for the same activity, which is defined:

1. For economic development grantees, as any type of assistance eligible under the Economic Development Category to an eligible business that will support the state's economic base, and create or retain jobs, principally for the benefit of LMI persons.
  2. For grantees with housing activities, as any eligible housing activity under Title I of the Housing and Community Development Act of 1974 (as amended) that will meet a national CDBG objective.
  3. Program income, which the grantee has received or expects to receive as a result of grant activities, will be subject to the following provisions:
1. Grantees must provide DED with a written notice of intent to reuse program income for the same activity. This notice must be made within 90 calendar days from the date of the grantee's Notice of Approval letter. If the grantee's notice is not submitted to DED within the 90 day period, DED will require all program income be returned to the state. If the grantee submits its notice within the specified period, the grantee will have two options for administering the program income.
    - a. **Local Administration.** If the grantee intends to develop or administer an existing local revolving loan fund to continue the same activity, the notice of intent to reuse program income must state this fact. Grantees that submit a notice indicating program income will be retained at the local level, will have 180 days from the Notice of Approval to submit a plan for the administration of the program income. The grantee will adopt a local plan that includes either: (i) a detailed description of the organization, including administration and priorities of the program income projects to be approved by the grantee which are consistent with the definitions of same activity as described above; or (ii) the state objectives/method of distribution, including certification that it will incorporate all changes made by the state, and a detailed description of the organization and administration by the grantee.

The grantee will have 24 months from the date of the first loan repayment to receive DED approval to obligate program income to another project in accordance with its approved reuse plan. During the 24-month period, the grantee's program income will be placed in an interest bearing account at the local level, which is collaterally secured as required by state statute. If no such project is approved by DED within this period, all program income from this grant will be returned to the state.



**b. Regional Administration.** If the grantee intends to develop or participate in a regional revolving loan fund to continue the same activity, the notice of intent to reuse program income must state this fact. Grantees that submit a notice indicating program income will be retained at the regional level will have 180 days from the Notice of Approval letter to: i) enter into an agreement with other local governments to establish a regional CDBG revolving loan fund and submit a plan for the administration of the program income; or ii) enter into an agreement with an existing regional CDBG revolving loan fund. Regional plans for revolving loan fund administration must include either: (a) a detailed description of the organization, administration and priorities of the program income projects to be approved by the member local government's regional revolving loan fund authority which are consistent with the definitions of same activity as described above; or (b) the state objectives/method of distribution, including certification that it will incorporate all changes made by the state, and a detailed description of the organization and administration by the grantee regional revolving loan fund authority. If the grantee does not submit the required agreement and plan for DED approval within the 180 day period, all program income will be returned to the state.

The grantee, in conjunction with the regional revolving loan fund administrator, will have 36 months from the date of the first loan repayment to receive DED approval for another project in accordance with its approved reuse plan. During the 36 month period the grantee's program income will be placed in an interest bearing account at the regional level which is collaterally secured as required by state statute. If no such project is approved by DED within this period, the grantee/regional administrator will return all program income for this grant to the state.

2. Grantees that retain program income for local or regional use from this year or previous years are eligible to accumulate or have the potential to accumulate the following:
  - a. For local administration, \$100,000, or \$100 times the current U. S. Census Bureau population count or estimate, whichever is greater; not to exceed \$500,000 (maximum).
  - b. For regional administration, \$100 times the current U. S. Census Bureau population count or estimate, not to exceed \$1,000,000 (maximum). A region is defined as two (2) or more municipalities or counties.

Grantees that have received program income and/or are receiving program income from projects prior to 1995 that exceeds the maximum amount described in a. or b. above will be capped at their current level. Grantees may retain program income from projects prior to 1995 if they have received DED approval.

First-time grantees may receive all program income from CDBG projects until they reach their cap. Once they reach their cap, the grantee must return additional program income to the state.

Grantees that are under their cap and contribute program income to a CDBG project jointly funded with DED may receive program income receipts from the jointly funded project until (a) the grantee recovers its initial contribution or (b) the grantee reaches its cap.

Grantees that are at or over their cap and contribute program income to a CDBG project jointly funded with DED may receive program income receipts from the jointly funded project until the grantee recovers their initial contribution.

Grantees at or over their cap receiving program income from projects jointly funded with DED may keep the percentage of each program income receipts equal to their percentage of contribution to the project. The grantee and DED will divide program income receipts proportionally by the contribution each makes to the project. The grantee will send a portion of each receipt to DED.

Local governments applying to the state for CDBG funds must disclose the amount of program income they have accumulated and the amount they are receiving from previous projects. The state will use the information to determine how much program income the grantee can retain from the new (2002 or later) grant.

Grantees receiving 2002 CDBG funds that accumulate program income that exceeds the maximum allowable amount must return the excess amount to the state.

3. If the initial activity, which generates the program income, has not been completed prior to the first receipt of program income, all program income received must be applied to the current grant activity prior to requesting additional CDBG funds.
4. Miscellaneous program income generated by activities that do not meet the definitions of continued same activity must be applied to an open CDBG grant prior to requesting additional CDBG funds, or returned to the state.
5. Grantees that maintain a local revolving loan fund or are members of a regional revolving loan fund will be required to apply all available local or regional revolving loan funds to activities consistent with the local or regional plan of administration prior to receiving approval of CDBG grant applications for those activities.
6. All program income earned as a result of CDBG grant activities is subject to all requirements of Title I of the Community Development Act of 1974 (as amended) regardless of whether the original grant is open or closed when the program income is received. In addition, all program income expended from approved CDBG revolving loan funds is subject to all requirements of Title I of the Housing and Community Development Act. This includes all second and subsequent generation loans made from the revolving loan fund.

Program income returned to the state will be committed to a statewide revolving loan fund for distribution to eligible applicants for eligible activities that are most similar to the activities from which the program income was derived. For example, loan repayments from a housing rehabilitation project will be placed in the housing revolving loan fund, and loan repayments from an economic development project will be put in the economic development revolving loan fund. When there are sufficient funds available in the revolving loan fund, these shall be distributed according to the 2002 Program Income Guidelines.

# MONITORING STANDARDS AND PROCEDURES

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## HUD Programs

To ensure that all statutory and regulatory requirements are being met for activities with HUD funds, the Nebraska Department of Economic Development (DED) uses various monitoring standards and procedures.

DED is responsible for ensuring that grantees under the CDBG and HOME programs carry out projects in accordance with both Federal and State statutory and regulatory requirements. These requirements are set forth in the grant contract executed between the State and the grantee. DED provides maximum feasible delegation of responsibility and authority to grantees under the programs. Whenever possible, deficiencies are rectified through constructive discussion, negotiation and assistance.

DED conducts two basic types of monitoring: off-site, or “desk” monitoring, and on-site monitoring. Department staff regularly review each project to verify that it is proceeding in the manner set forth in the Grant Agreement in accordance with applicable laws and regulations. Desk monitoring is an ongoing process in which the project administrator responsible for overseeing the grantee’s project uses all available information to review the grantee’s performance in carrying out the approved project. This review process enables DED to identify problems requiring immediate attention and to schedule projects for on-site monitoring. Material used for this review includes, but is not limited to: Amendments/Extensions to the Grant Agreement; Project Status Reports, Requests for a Draw-down of Funds; and other support documents.

On-site monitoring is a structured review conducted by the project administrator at the locations where project activities are being carried out or project records are being maintained. At least one on-site monitoring visit is normally conducted during the course of a project. The review considers all available evidence of conforming with approved program, substantial progress toward program goals, compliance with laws, and continued capacity to carry out the approved program. Checklists are utilized to ensure that all issues are addressed. The number of times a project is monitored depends upon the issues that arise during the desk and on-site monitoring. In summary, DED uses the following processes and procedures for monitoring projects receiving HUD funds: evaluation on program progress, compliance monitoring, technical assistance, project status reports, monitoring technical assistance visits, special visits and continued contact with grantees by program representatives.

## OTHER ACTIONS

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### **Underserved Needs**

All of the activities which will be funded under the State's Community Development Block Grant Program, HOME Investments Partnerships Program, Emergency Shelter Grant Program, Nebraska Affordable Housing Trust Fund and Nebraska Homeless Shelter Assistance Program will address obstacles to meeting underserved needs. The state will identify and respond to underserved needs as they arise from self-evaluation and citizen participation.

### **Foster and Maintain Affordable Housing**

The Housing Development Priority of the Annual Action Plan addresses how the State will foster and maintain affordable housing. In particular Housing Strategy One, Objectives One and Two, as well as Housing Strategy Three specifically address this issue.

### **Remove Barriers to Affordable Housing**

The Housing Development Priority of the Annual Action Plan addresses how the State attempts to remove barriers to affordable housing. Housing Strategy One, Housing Strategy Two, Objectives One, Two and Three, and Housing Strategy Five, Objective One specifically deal with removing barriers to affordable housing.

### **Evaluate and Reduce Lead Based Paint Hazards**

The State is committed to reducing lead based paint hazards. DED will continue its efforts to educate CDBG and HOME recipients on the dangers of lead-based paint. Housing Strategy Six specifically outlines what is being done by the State to evaluate and reduce lead based paint hazards.

### **Reduce the Number of Poverty Level Families**

The State has attempted to reduce poverty through many different agencies and programs. Specific strategies and objectives to combat poverty are detailed in the Housing and Economic Development Priorities of the Annual Action Plan. Housing Strategy Two, Objective Four, Housing Strategy Three, Objectives One and Four, Economic Development Strategy Two, Objective Two and Economic Development Strategy Three, Objective One all work towards reducing the number of poverty level families in Nebraska.

### **Develop an Improved Institutional Structure**

DED is committed to improving institutional structures. The institutional structure for the CDBG, HOME and ESG programs is composed of DED, HHSS, local governments, nonprofit organizations and private industry. It is essential that these entities work together efficiently. The Annual Action Plan focuses on improving institutional structure in Housing Strategy Four, Objective Two and Community Development Strategy Four, Objective One.

### **Enhance Coordination Between Public and Private Housing and Social Service Agencies**

Housing Strategy One, Objective Three, Housing Strategy Three, and Community Development Strategy One, Objectives Three and Four detail how the state will enhance the coordination between public and private housing and social service agencies.

### **Fostering Public Housing Resident Initiatives**

The State does not operate public housing units. Therefore, action in this area is not feasible. However, the State does work with local public housing agencies to the extent possible and is interested in efforts to increase residents' involvement in public management and provide them with expanded homeownership opportunities.

## **Section Two: Citizen Participation and Summary of Public Comments**

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# CITIZEN PARTICIPATION

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## *INTRODUCTION*

Citizen participation is an essential component of a statewide planning effort. Nebraska strongly encourages public participation in identifying community needs.

## *OPPORTUNITIES FOR PUBLIC PARTICIPATION*

The importance of public participation (including consultation with advisory groups) to the 2002 Annual Action Plan cannot be overstated. Each year DED must update strategies and describe the state's method for distributing funds to effectively use HUD assistance. Public hearings are held each year to obtain citizen comments on the Annual Action Plan. The meetings are held at times and locations considered convenient to potential and actual beneficiaries, and with accommodations for persons with disabilities. Opinions from the public regarding the best time and date for such hearings are welcome.

Citizens and other interested parties are given an opportunity for reasonable and timely access to information and records relating to the Annual Action Plan and the use of assistance under the programs it covers. Copies of the 2002 Annual Action Plan, the state's *Consolidated Plan*, and any other relevant information may be obtained via the internet at <http://crd.neded.org> or by contacting a staff member at one of the numbers listed at the beginning of this document.

Official advisory groups to the state on the 2002 Annual Action Plan are the CDBG Advisory Committee, the Nebraska Economic Development Commission, and the Nebraska Commission on Housing and Homelessness. Recommendations from these advisory groups are used to form the guidelines and objectives of the Department's programs.

## *COMMENT PERIOD*

A formal 30-day public comment period ran from November 6 through December 6, 2001 for the Annual Action Plan. A news release announcing the comment period and listing the 2002 Annual Action Plan's web site <http://crd.neded.org/action/action01> was sent to media statewide.

In order to increase the opportunities for public comment, the proposed Plan was sent to 16 libraries throughout Nebraska: Alliance Public Library (**Alliance**), Auburn Memorial Library (**Auburn**), Garfield County Library (**Burwell**), Central City Public Library (**Central City**), Chadron Public Library (**Chadron**), Lexington Public Library (**Lexington**), Bennett Martin Library (**Lincoln**), McCook Public Library (**McCook**), Jensen Memorial Library (**Minden**), Goodall City Library (**Ogallala**), Omaha Public Library (**Omaha**), Scottsbluff Public Library (**Scottsbluff**), Sidney Public Library (**Sidney**), Thomas County Library (**Theadford**), Valentine Public Library (**Valentine**), and Wayne Public Library (**Wayne**).

Notices announcing the availability of the proposed Plan and soliciting comments were sent to local governments, previous CDBG, HOME and ESG grantees, state legislators, other community, housing and economic development organizations, and other interested individuals and groups (Approximately 1,000 notices).

### ***PUBLIC HEARINGS***

Public notices were placed in the Lincoln Journal Star, Scottsbluff Star-Herald, North Platte Telegraph, Norfolk Daily News, Grand Island Independent, Ainsworth Star Journal, Chadron Record, Nebraska City News Press, Alliance Times Herald and McCook Gazette.

Three public hearings were conducted at the locations listed below.

### **November 6 PUBLIC COMMENT PERIOD BEGINS**

Proposed Consolidated Plan Available

<b>November 8</b>	Public Hearing 1:30-3:30 pm (CT) (video Conferencing to:)	Lincoln  Ainsworth Alliance Beatrice Chadron McCook Norfolk Sidney
<b>November 14</b>	Public Hearing 2-4 pm (MT)	Ogallala
<b>November 15</b>	Public Hearing 10am-Noon (CT)	Kearney
<b>December 6</b>	<b>PUBLIC COMMENT PERIOD ENDS</b>	

## ***SUMMARY OF PUBLIC COMMENTS***

DED received 22 official comments on the proposed 2002 Annual Action Plan. Ten were verbal comments made during the three public hearings. Those comments were recorded and written responses were provided to individuals who testified. The remaining comments were submitted by letter or e-mail during the official comment period of November 6 through December 6, 2001. A synopsis of the comments and responses follows.

The proposed Plan was posted on DED's web page.

Breakdown of comments received:

Letters	9
E-Mails	3
Public Comments	<u>10</u>
Total	22

All comments were logged in by date received. All individuals commenting, both verbal and written, received a written response from DED. Comments of record are available to the public at DED. A **synopsis** of the comments follows. DED's written responses are in italics, bold and indented.

### **Housing Development**

"I am concerned about the absence of HOME CHDO set-aside in the 2002 Annual Action Plan. HOME CHDO set-aside should be included in the plan, which will also allow 5% of the HOME Program to be used to provide operating grants to support the work of CHDOs who are using the HOME program to develop CHDO eligible activities."

*The amount of HOME CHDO set-aside will be the minimum amount of 15% in the final draft of the 2002 Annual Action Plan. These funds can be accessed through the AHP Rental application and the AHP Regional Homeowner application. The percentage of CHDO set-aside that will result in the 2002 program year will be driven by the type and quality of applications. Therefore, CHDOs may receive up to 100% of the 2002 HOME funds if CHDO set-aside applications are the highest quality of applications received in the 2002 program year. DED values the work that CHDOs have done across the state and this is reflected by not limiting the amount of Affordable Housing Program resources that can be accessed on anything other than actual requests and applications for funding. HOME funds will be available for CHDO operating expenses for up to 5% of the total HOME funds. These will be distributed with funded 2002 CHDO set-aside applications to cover CHDO general administration costs related to the CHDO set-aside award. In addition the NAHTF Organizational Operating funds will remain at \$400,000.*

“Strategy 2 Objective 2 concerns homeownership counseling. A standardized program needs to be used by all who provide homeownership counseling using public funds. Good train-the-trainer sessions need to be provided so that all housing counseling providers meet the standards.”

***Strategy Two Objective Two has been removed as a DED objective in 2002. We continue to encourage quality homeowner counseling and are not at this time designating a preferred curriculum.***

“The TARP process for rental housing needs to be explained to applicants and assistance provided in developing a quality application.”

***The TARP process will be explained in the 2002 application process and also is detailed in the Action Plan and 2002 Rental Application Guidelines.***

“How will homeless needs be identified? Too many communities refuse to recognize that they might have homeless individuals and families.”

***The Continuum of Care regional workgroups continue to develop and improve methods for defining homeless needs.***

“Housing authorities have funds set aside for their use that only they can utilize. If CHDO set-aside is to remain reduced to the bare minimum, it appears inequitable for housing authorities also to be able to access significant portions of HOME funds.”

***DED encourages all eligible applicants to administer housing programs, own, sponsor and develop affordable housing. The types of organizations that will receive funds in 2002 are dependent on the type and quality of application and not the nature of the applicant. Therefore, we neither encourage nor discourage more access to funds by Housing Authorities or CHDOs.***

“I think the whole section under homeowner programs needs clarification, it is too vague.”

***The homeowner programs are further defined in the 2002 application guidelines and assistance can be accessed by contacting your regional housing specialist.***

“If taxpayers money is used to assist the “Bar None” program, then the program needs to be available across the state not just in those communities that are in easy access of Lincoln. This program needs to be equitable to all communities.”

***The process for the Nebraska Housing Resource Program Bar-None Housing will be further defined in the proposal for use of those funds. Consideration will be given primarily to the readiness, commitment and capacity of the community, developer or organization requesting these homes. Preferences will not be given based on location.***

“\$500,000 for special needs projects includes transitioning youth. Would this be applicable to acquisition and rehab of a building for transitioning youth?”

***The \$500,000 rental housing special needs set-aside is eligible for all activities in the Rental Housing application, including the acquisition and rehabilitation of a building to create affordable rental housing for homeless transitioning youth.***

“USDA RD 515 projects are large apartment buildings that don’t work as well in small communities. I think the \$300,000 reserved for RD projects should also include a small number of units, scattered site, single-family homes for rental and also lease/purchase projects”

***The decision for the commitment of USDA RD 515 funds is made at the federal level. For Nebraska to benefit from even one project, it is beneficial to gain the scoring points for having a set-aside for these applications from the Nebraska Affordable Housing Program.***

“I would like to thank the Department of Economic Development for the inclusion of housing initiatives to address the needs of persons with disabilities. DED is to be congratulated for addressing both the rental and homeownership needs of Nebraska’s disabled citizens. This is evident in the following aspects of the plan: setting aside \$500,000 of home funds for special needs projects, with a clear and precise definition of special needs; reserving Nebraska affordable housing trust fund dollars to rehabilitate existing owner-occupied homes, to make accessibility improvements for disabled residents statewide; requiring that applicants for the Nebraska Affordable Housing Trust Fund and HOME Funds, for regional homeowner activities, demonstrate program guidelines that support assisting persons referred by the Home of Your Own Coalition. This is a wonderful first step in helping persons with disabilities to access decent, affordable, accessible housing. It will be a great pleasure to see these housing initiatives evolve in 2002.”

***Thank you for your valuable input this year. I hope you can see the results of your assistance in the strategies and objectives of the 2002 Annual Action Plan.***

“In reviewing the Housing Section of the Plan, we interpret the Rental Rehab program as only being available to assist rental housing units previously constructed with HOME, USDA or CDBG funding. Most of our community’s affordable rental units were not constructed with these funds and are occupied by low-income residents. We have people interested in converting other structures to rental housing but due to the smaller size of the project, other assistance programs are not feasible. Additionally the community would be more likely to apply if the assistance was in the form of a grant to the community and a loan to the landlord, which would result in a local revolving fund, rather than the current form of a loan to the community.”

***The 2002 Rental Application includes eligibility for acquisition and rehabilitation of existing rental housing, including housing that was previously non-subsidized by an eligible applicant. DED has in the past made rental rehabilitation programs for local governments available to assist private property owners. This activity was not requested for in applications due primarily to the reason that private property owners were not willing to participate because of the income, rent and property standard restrictions required by the funding program.***

“Currently we are participating in an Owner Occupied Rehab Housing Program in a specified target area. We have many homeowners in our community that could benefit from such a program but their homes are located throughout our community, which makes a target area very difficult. A review and changes in the “grant award decision making process” for rehab would be beneficial. It is very difficult for a larger community to put together a competitive community-wide application giving the rating criteria.”

***The Affordable Housing Program Community Housing Rehabilitation program includes a scoring criterion for revitalization. It is an important factor for the use of Community Development Block Grant funding to achieve overall community development goals, such as neighborhood revitalization. Targeting a specific area of a community for the owner-occupied rehabilitation activity is one of several strategies that can be used to achieve revitalization. The department reviewed previous year’s investments of CDBG in owner-occupied rehabilitation. It is our conclusion that there is no direct correlation between identifying a target area for this program and receiving funding. For example, in the 2000 program year of the 12 funded CDBG applications, one specified a target area. This community was a First Class City (population 5,000 to 99,999), as defined by the Directory of Nebraska Municipalities. Of the 26 non-funded 2000 CDBG applications, four specified a target area.***

“We are pleased to see the continued set-aside of \$300,000 to be used with approved USDA RD 515 projects. We also support the designation of \$200,000 to be utilized for the Bar None housing. We are excited and encouraged about helping deliver affordable housing to rural communities. We are very concerned with the pending loss of use of the Nebraska Affordable Housing Trust Funds. We have utilized these funds in many various housing projects. We feel the loss of the Trust Fund will jeopardize the continuation of Regional Homeownership Opportunity Programs.”

***We appreciate your support of specific programs proposed and for the Nebraska Affordable Housing Trust Fund in general. The work of your organization is to be commended.***

“We would like to have the maximum HOME award be increased for “Lease to Own” projects. As a non-profit we have to leverage a high amount of resources from other sources per house, in order to make a project possible. The perception of the “Lease to Own” homes has been very positive and we are replenishing the affordable single family housing stock in rural communities through a very effective program that would not occur with private developers.”

***The amount of award in the Affordable Housing Program Rental application will depend on reasonableness and appropriateness rather than a set minimum. \$400,000 is available as guidance to applicants and DED as the previous trend in awards, but will be used as a guideline only. Rental housing continues to be a highly competitive category and criteria are carefully set out in the 2002 Rental Housing application guidelines.***

“We would support a regional allocation of funds made for rehabilitation on an ongoing basis, replacing the current competitive process. I think rehabilitation programs are one of the strongest programs that are currently being accessed by our small rural communities. It causes other economic development to happen in these towns when the houses are rehabilitated.”

***The Regional Homeowner application includes the ability to apply for regional rehabilitation programs and has successfully funded such programs in the past. The current process allows for the requests in applications to determine the specific activities and uses of the funds in the program year.***

“On page 3-5, strategy 3 intends to promote an adequate supply of quality, affordable, appropriate rental housing as a choice. You go on to mention that there will be at least one special needs rental project funded. And from my point of view, one rental project is not adequate. You call them special needs projects, and you define that on page 3-10, and you're designating people with developmental disabilities, physical disabilities, severe mental illness, HIV, AIDS, and/or homelessness, including the transitioning youth. One project to serve those populations? I don't think that's adequate.”

***DED supports the development of rental housing through an investment of financial resources. It is imperative however that a qualified, experienced applicant and developer identify the need, develop the project and take the responsibility for the long-term viability of the project. Therefore, it is appropriate to identify at least one rental project designated for a special needs population due to the lack of demand for funds by applicants in this area. This certainly allows for more than one project should more applications for quality, feasible projects be submitted for this category.***

“I would like to comment on the 50 percent cut that the Affordable Housing Trust Fund is going to experience during the period covered by this action plan. Nobody is being asked for their recommendations on where those cuts are going to be reflected. I think that during these public comment period times, people need to be aware of that, because obviously DED is going to have to go back and cut this 4.9 million in half, because those resources are going to be cut in half. If there's no opportunity for public comment as to where those cuts are made, I just think that's a great disservice to the people out there that are attending these public hearings. Hopefully, in future public meetings, that gets stated during the information on housing.”

***Decisions on the use of NAHTF due to the recent measures to temporarily direct resources were based on long-standing priorities. Specifically, (a) the continued priority of homeownership activities and (b) the need to provide adequate support to non-profit housing providers to increase and maintain the ability to produce affordable housing were the primary considerations. This Annual Action Plan process also provided a method for individuals and organizations to provide input on the use of these funds.***

“A rental program needs to be done that serves the very low income population. More of the Trust Fund can be used for very low-income rental units that don't require tax credits, so that somebody wouldn't have to continue to subsidize through Section 8 vouchers for the ongoing life of the rental unit. I'd really like to see that happen because it's that population that's going to be the most vulnerable to this economic downturn. Regardless of the economy, they're the most vulnerable. I'd really like to see the Trust Fund be split so that half of it is economic impact and half of it is serving the very, very low-income people that are continually under addressed with the kinds of programs that we do.”

***The resources of the DED affordable housing program were not originally designed to focus on the extremely low-income. The infrastructure of the housing industry has placed most of that burden on Public Housing Authorities funded directly by HUD and other federal programs. DED recognizes the need to balance the competing priorities of the low-income population the programs were designed for and the extremely low- and very low- income population that continues to be underserved as well.***



“I would like to see a set-aside for rental projects that are under 12 units. These projects are more feasible for smaller communities, but are not competitive when scored against projects of 12 or more units. There again small rural communities are being under served.”

***The Rental Housing application includes a less restricted and abbreviated process for requests for funds less than \$50,000. This Community Housing Investment Partnership process is intended to be available for projects that require less DED investment, regardless of size. We are working with small communities and small projects to determine other local resources to fulfill funding needs in addition to AHP funds.***

“We could use assistance in developing rental housing for persons who actually are beyond the LMI standards. We have a high ownership percentile in our community and not a large amount of rental units. What rental units we have may hardly be standard and may be mostly substandard. Perhaps the Affordable Housing Trust Fund could do a minimum of one or two rental projects that are not tied to the low-income requirements.”

***The Affordable Housing Program resources must serve beneficiaries who are low to moderate income. We encourage you to pursue solutions to serving higher income individuals through a continued investment of local resources in housing. In addition, you should consider contacting the Nebraska Energy Office regarding below market interest loans for buildings, including rental housing, that exceed the 1998 International Energy Conservation Code, regardless of the income of the tenants.***

“The uncertainty of the NCHH and the role that they will play concerns me. It is imperative that a connection be kept between those that create Housing and those that serve the Homeless population. A relationship has been built over the last couple of years and if these groups are not kept together (as on the Commission) I believe we will see the gaps and lack of communication grow. It is very important that the funders are aware of the issues faced by providers.”

***Thank you for supporting the NCHH and its role in the Continuum of Care. DED and HHSS are committed through the Housing and Community Development Consolidated Plan process to continue support of the integration of housing and homelessness activities regardless of the official advisory committee structure. In addition, our agencies value the work of the Continuum of Care groups.***

“Rental properties in rural areas are vital to growth and maintaining families in small communities. I understand the commitment by funding sources (20 years), however the housing stock in our rural areas is old, and decent safe rentals are almost non-existent. Buy/Rehab/ReSale is a good idea if the homes are available to do that, but most communities do NOT have the homes for this program that would make an impact on the housing issues in our small communities. It has become apparent that DED and other large money agencies do not want to invest in our vast rural areas, however, if investments aren't made, the small communities won't have to worry because everyone will have to live in the BIG cities because there won't be anyone out here.”

***The record of DED investments demonstrates commitment to rural area housing development in the state. Investments are based on the quality, feasibility and reasonableness of applications and not geographic location for rental housing projects. Through our technical guides, DED hopes to identify additional strategies for determining the long-term feasibility of rental projects that are less than 12 units. Unfortunately, these projects often have difficulty showing the ability to support debt and have a market for the full minimum 20-year period.***

“Purchase and demolition activities should be eligible and fundable in the CDBG Housing category. Since DED has illustrated an openness to add new activities, I feel that Housing Demolition deserves to be added back in as a grant eligible and fundable activity, including site purchase and clearance.”

***Housing demolition and site clearance are eligible uses of DED Affordable Housing Program funds through the Regional Homeowner applications. These activities are appropriate when existing homes are vacant and new homes will be constructed on the cleared sites for eligible homebuyers. DED supports this type of in-fill housing activity for communities with the need.***

## **Community Development**

“Please keep libraries as a priority activity in the 2002 CDBG Community Development program. Without adequate funding small communities cannot keep their libraries up-to-date and relevant. Within a small community a library is an extremely important asset.”

*Accredited public libraries will remain as a funding priority in the 2002 Community Development category of the CDBG Program. Libraries were made a priority in response to comments we received during previous annual action plan public comment periods.*

## **Economic Development**

“I would like to see the PEP program in the 2002 Annual Action Plan.”

*During the past couple years that the PEP program was available, many applications that DED received were not demonstrating that they were creating or retaining jobs for low to moderate income individuals. Thus applications were having difficulty in meeting the required National Objective under the CDBG program.*

“The CDBG Economic Development (ED) program focuses almost entirely on business recruitment. We also need assistance for existing businesses within our community. I feel the current ED program is not providing assistance to existing businesses.”

*The creation and retention of jobs for existing businesses within a community are and have been eligible activities under the CDBG Economic Development Program. Technical and financial support is given to eligible existing businesses through the program.*

## **CRITERIA FOR SUBSTANTIAL CHANGE**

DED reserves the right to make non-substantive changes to the Consolidated Plan without opening a public comment period. A change to the Consolidated Plan, which constitutes an amendment, or a substantial change must meet one or more of the following criteria:

- Addition or deletion of a priority;
- Addition of a strategy non consistent with an existing priority; or
- Deletion of a strategy that was previously included.

## Section Three: Housing Development Priority

*Respond to regional needs for affordable, decent, safe and appropriate housing, shelter and services as part of balanced economic development in Nebraska.*

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## **Strategies, Objectives & Measurements**

**The six (6) strategies developed to meet this priority are:**

- + Promote an adequate supply of quality, affordable, appropriate housing for low- and moderate-income individuals, families, and homeowners, including persons with special housing needs.**
- + Overcome barriers to homeownership for low- and moderate-income families and individuals, including persons with special housing needs.**
- + Promote an adequate supply of quality, affordable, appropriate rental housing as a choice when homeownership is not a feasible option for low- and moderate-income individuals, families, including persons with special housing needs.**
- + Support and facilitate an active and effective regional continuum of care planning and delivery system focusing on a comprehensive approach to housing and service delivery to people who are homeless and near-homeless.**
- + Identify and address the barriers of homeownership, rental housing, support services, and shelters due to violations of fair housing practices.**
- + Identify and address a strategy for reduction of lead-based paint hazards in rural areas of the state.**

### **Background**

HUD requires the state to report the activities it plans to undertake during the next year to:

- Address obstacles to meeting under served needs;
- Foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing);
- Remove barriers to affordable housing;
- Evaluate and reduce lead-based paint hazards;
- Reduce the number of poverty level families;
- Develop an improved institutional structure; and
- Enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives.

These requirements are reflected in the housing strategies, objectives, and actions for the 2002 Program year.

As shown in the Housing Needs Assessment section (Part Four) of the state's *Consolidated Plan*, a great need exists in the non-metropolitan areas of the state for available housing stock that is affordable. Two primary issues exist: housing availability and affordability.

Available, affordable housing is an economic development issue. Future growth in Nebraska communities is directly linked to the provision of affordable housing. Many communities along the Interstate 80 corridor, and service centers in other areas have experienced tremendous economic growth in the 1990s, but have been unable to meet the demand for additional housing. For communities to survive in the global economy, they must address the need for available and affordable housing. Housing conditions and markets are not universal throughout Nebraska. Besides economic growth, housing needs often reflect the socioeconomic composition of the community, county and region. For citizens, housing needs vary by householder, tenure, age, income, and other special needs.

Housing availability must be addressed. 1990 US Census figures show that almost 25% of the state's non-metropolitan housing units are substandard. Areas experiencing economic growth are generally experiencing a critical shortage of affordable housing. The ability of the private sector to house new employees is severely hindered.

Affordability issues also must be addressed. The lower the income, the greater the need for housing assistance. The Housing Priority Needs Summary Table in the *Consolidated Plan* shows all income groups other than very low- and low-income households (up to 80% of median family income for the area) as medium priority. This ranking acknowledges the importance of all housing needs and allows applicants for federal funding to obtain certification of consistency with the state's housing strategy. Consequently, the state gives highest priority to assisting very low and low income households, targeting those earning less than 50% of median income when appropriate.

### **The Nebraska Commission on Housing and Homelessness**

The Nebraska Commission on Housing and Homelessness (NCHH) was established by Executive Order in 1998. This commission consolidates the work of the Nebraska Affordable Housing Commission, the Nebraska Interagency Council on the Homeless, and the Affordable Housing Trust Advisory Committee, and recognizes the strong link among housing, homelessness, and near homeless issues.

The Commission's function is to make recommendations to DED and the Health and Human Services System Department of Services (HHSS) on the operation of the Nebraska Affordable Housing Trust Fund and the Homeless Shelter Assistance Trust Fund; serve as an advisory body on housing and homelessness; assist with education, advocacy, coordination and cooperation; and integrate recommendations from *Nebraska's Housing and Community Development Consolidated Plan* and Annual Action Plan with other statewide strategic planning initiatives involved with affordable housing, homelessness/near homelessness, and other housing issues.



### **Actions for the 2002 Program Year**

The state views the provision of affordable housing as a high priority, especially for persons/families making 80% of median income or less. The state works with public, private and nonprofit organizations to identify needs, fill gaps in services, and provide technical assistance in the area of housing. Actions planned for 2002 to further this goal are a result of the priority for funding and strategies set by the state in 2000 in the *Consolidated Plan*.

2002 Program objectives and measurements (planned between July 1, 2002 and June 30, 2003) for the six housing strategies are listed as follows:

#### **+ Strategy One**

**Promote an adequate supply of quality affordable, appropriate housing for low- and moderate- income individuals, families and homeowners, including persons with special housing needs.**

**Objective #1:** Develop technical assistance tools for developers and administrators of Affordable Housing Program (AHP) funds.

Performance Measurement: A Nebraska Affordable Housing Program HOME administration manual will be developed and distributed to HOME program administrators. A corresponding workshop will be conducted.

Performance Measurement: Nebraska Affordable Housing Program Technical Guides will be developed and available for distribution for developers of affordable housing in Nebraska. Examples of possible guides are: (1) determining the feasibility of and developing small (less than 12 units) rental projects, and (2) developing program guidelines for homeowner programs.

**Objective #2:** Improve the AHP organizational operating grant process to focus on result-oriented and long-term investments in nonprofit housing organizations.

Performance Measurement: AHP organizational operating contracts will include benchmarks and performance measurements based on reasonable development and implementation of affordable housing projects and programs.

Performance Measurement: AHP organizational operating grant fund payments will be based on acceptable documentation.

**Objective #3:** Invest in rehabilitation of existing housing for low- and moderate-income homeowners using a regional and community level service delivery system.

Performance Measurement: Approximately 20% of available AHP funds will be invested in housing rehabilitation activities. Approximately 250 homes will be rehabilitated as a result of 2002 DED AHP funds.

Performance Measurement: A certification program will be developed and implemented for housing rehabilitation specialists for the CDBG Housing Program.

#### + **Strategy Two**

**Overcome barriers to homeownership for low- and moderate-income families and individuals, including persons with special housing needs.**

Objective #1: Develop technical assistance tools to encourage development of homeowner programs for low- to moderate-income homebuyers.

Performance Measurement: A Nebraska Affordable Housing Program Technical Guide on “Developing Program Guidelines for Homeowner Programs” will be created. The technical guide will include additional guidance on developing programs that assist families in moving out of poverty levels and address cost burdens that cause barriers to affordable housing.

Objective #2: Promote the access to existing and new homebuyer programs for people with disabilities.

Performance Measurement: AHP funded homebuyer programs will be required to have program guideline provisions for assisting persons referred by the Home of Your Own (HOYO) Coalition.

Objective #3: Invest DED AHP funds in assisting new homebuyers.

Performance Measurement: Approximately 40 homebuyers will benefit from 2002 DED AHP funds for homebuyer programs.

#### + **Strategy Three**

**Promote an adequate supply of quality affordable, appropriate rental housing as a choice when homeownership is not a feasible option for low- and moderate-income families and individuals, including persons with special housing needs.**

The department will continue to work closely with the Nebraska Investment Finance Authority (NIFA) in coordinating the use of Low-Income Housing Tax Credits with Nebraska Affordable Housing Program funds to effectively fund rental development in the state. The NAHP rental housing applications will be provided to the Technical Assistance Review Process (TARP) team. TARP members consist of staff from NIFA, the U.S. Department of Housing and Urban Development, U.S. Department of Agriculture – Rural Development (USDA RD), Nebraska Energy Office (NEO) and

Nebraska State Historical Society. TARP members meet once a month. After a discussion with the TARP team, DED staff review and score applications for funding.

**Objective #1:** Provide a mechanism for funding rental project(s) that serve persons with disabilities.

Performance Measurement: At least one rental project will be funded with DED AHP funds to serve persons with disabilities.

**Objective #2:** Ensure the long-term viability of affordable rental projects.

Performance Measurement: All funded AHP rental projects will have a development team that includes an experienced, qualified nonprofit or for-profit affordable housing developer. (The eligible applicants and recipients will remain local governments, nonprofit housing providers and public housing authorities.)

Performance Measurement: A Nebraska Affordable Housing Technical Guide for “determining the feasibility of, and developing small rental projects” (less than 12 units) will be created.

**Objective #3:** Invest in rental housing projects that promote increased local investment.

Performance Measurement: Approximately one rental project requesting less than \$50,000 of DED AHP will be funded through the Community Housing Investment Partnership (CHIP).

**Objective #4:** Invest in rental housing for families and individuals for whom homeownership is not feasible.

Performance Measurement: Approximately 75 rental units for persons who are low-income will be available due to the investment of 2002 DED AHP funds.

#### + **Strategy Four**

**Support and facilitate an active and effective regional continuum of care planning and delivery system focusing on a comprehensive approach to housing and service delivery to people who are homeless and near homeless.**

**Objective #1:** The Nebraska Department of Health and Human Services (HHSS) assumed the responsibility of the Nebraska Homeless Assistance Program (NHAP) on September 1, 2001. Eligible organizations that serve Nebraska’s homeless and near homeless will submit applications to HHSS. A review panel will recommend funding levels to the governor up to the total amount of each regional allocation. HHSS will distribute the NHAP funds utilizing a formula based on population and identified homeless needs within the NHAP regions.

Performance Measurement: Homeless shelters and their programs, including homeless prevention, client services, shelter operations, renovation/rehabilitation

of shelters and other homeless shelter programs will be enhanced and better coordinated by sharing information through the Regional Continuum of Care (C of C) groups. Regional C of C groups also will result in improved collaboration with other programs that serve the homeless and near homeless. C of C groups also will provide best practices for streamlined and improved reporting. Additionally, C of C groups will provide valuable input on regional needs of the homeless and near-homeless populations.

**Objective #2:** To further improve and foster interagency cooperation and participation, DED regional housing specialists will continue to communicate with the Regional C of C groups.

Performance Measurement: The applicable DED regional housing specialist will participate in at least one Regional C of C group meeting for each Regional C of C group represented in their service area. This participation will include sharing applicable affordable housing program information and other involvement as appropriate in the groups.

#### + **Strategy Five**

**Identify and address the barriers of homeownership, rental housing, support services, and shelters due to violations of fair housing practices.**

**Objective #1:** Ensure Fair Housing Act Design Standards are met in previously-funded and currently-operating DED AHP rental projects.

Performance Measurement: A site visit, assessment and follow-up consultation will be conducted on 20 currently-operating DED AHP funded rental projects.

**Objective #2:** Educate DED AHP administrators and developers on strategies to serve populations that are vulnerable to discrimination in housing.

Performance Measurement: A Nebraska Affordable Housing Program Technical Guide on “Developing Program Guidelines for Homeowner Programs” will be created, with input from the Nebraska Equal Opportunity Commission, the Nebraska Fair Housing Center, and other interested organizations. It will include strategies and guidelines that provide opportunities for underserved populations.

Performance Measurement: A Nebraska Affordable Housing Program Technical Guide on “Developing and Implementing Affirmative Marketing Plans” will be created.

+ **Strategy Six**

**Identify and address a strategy for reduction of lead-based paint hazards in rural areas of the state.**

**Objective #1:** HHSS – Department of Regulation and Licensure will implement a statewide Rural Lead-Based Paint Hazard Evaluation and Reduction Program.

Performance Measurement: HHSS – Department of Regulation and Licensure will begin providing services in this program by January 1, 2003.

**Objective #2:** Increase the number of Certified Risk Assessors and Paint Inspectors.

Performance Measurement: There will be 15 risk assessors and paint inspectors serving rural Nebraska.

HHSS – Department of Regulation and Licensure will track this with their certification list.

**Objective #3:** Continue to educate and train DED AHP administrators and developers on lead-based paint hazards and responsibilities.

Performance Measurement: A certification program will be developed and implemented for housing rehabilitation specialists for the CDBG Housing Program. This will include training and strategies for addressing responsibilities related to lead-based paint hazards.

Performance Measurement: A Nebraska Affordable Housing Program Technical Guide on “Developing Program Guidelines for Homeowner Programs” will be created, including guidance on compliance and practices regarding lead-based paint regulations for CDBG and HOME.

Performance Measurement: The DED AHP website will include an interactive discussion area for lead paint issues.

## Housing Development Funding Categories

### **A. DED Affordable Housing Program (Includes Nebraska Affordable Housing Trust Fund (NAHTF), Community Development Block Grant (CDBG), and HOME) Category – State Objectives**

The state objectives for using NAHTF, CDBG, and HOME funds in the Housing Category provide for investing funds in quality projects and programs for quality communities so that local governments and nonprofit organizations can leverage private financing to provide for permanent, energy efficient, affordable housing.

Projects will (1) address housing conditions related to community economic development needs; (2) expand equal housing opportunities; or (3) create public/private partnerships to address housing needs holistically (linking housing with supportive services to promote economic self-sufficiency and family preservation).

### **B. How and What Projects to Be Assisted**

DED will award funds under the Housing Category to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing or related services organizations, and public housing authorities to carry out quality housing programs and projects that meet the national and state objectives for NAHTF, CDBG, and HOME programs. The following are the priority activities:

**Rental Housing** – HOME and NAHTF funds will be available for newly-constructed affordable rental housing; acquisition and rehabilitation of existing rental housing; and lease-purchase programs that lead to homeownership, where the housing unit assisted will remain rental housing (leased) for 36 months or greater.

*NAHTF \$* - available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government, and public housing authorities. These funds will be provided for new construction rental housing; lease-purchase programs, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; new construction rental housing with some infrastructure; lease-purchase programs with some infrastructure, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; and for the acquisition and rehabilitation of existing housing.

*HOME \$* – available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government and public housing authorities. These funds will be provided for new construction rental housing; lease purchase programs, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; new construction rental

housing with some infrastructure; and lease-purchase programs with some infrastructure, where the housing unit assisted will remain rental housing (leased) for 36 months or greater. HOME funds may be awarded as HOME CHDO funds in the case where a state designated Community Housing Development Organization (CHDO) holds ownership and/or has controlling interest in the project.

\*\*\*\$300,000 is reserved for approved USDA-RD 515 projects that are recommended by the Nebraska USDA-RD office.

\*\*\*\$500,000 is reserved for approved special needs project(s) that are designated for populations experiencing one or more of the following: developmental disabilities, physical disabilities, severe mental illness, HIV/AIDS, and/or homelessness (including transitioning youth).

**Predevelopment** – NAHTF funds will be available to determine specific project feasibility.

*NAHTF \$* – available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government and public housing authorities to determine the feasibility of affordable housing projects.

**Organizational Operations- Housing** – NAHTF funds will be available for up to 50% of the organizational operating expenses. *Project specific operating expenses are not eligible for these funds.*

*NAHTF \$* – available to local or regional nonprofit 501(c)(3) and 501(c)(4) housing or related service organizations and housing technical assistance providers for increasing the ability to produce affordable housing. *Project specific operating expenses are not eligible for these funds.*

**Homeowner Programs** – NAHTF, CDBG, and HOME funds will be available for activities to assist homeowners and homebuyers.

*HOME \$* - available to state-designated Community Housing Development Organizations and other nonprofit 501(c)(3) or 501(c)(4) organizations, public housing authorities and local units of government to:

- (a) Provide downpayment assistance for existing homes.
- (b) Rehabilitate homes that are currently owned (service area must include four communities or more).\*
- (c) Purchase, Rehabilitation, and Resale which includes acquisition, rehabilitation and development subsidy/downpayment assistance/closing cost assistance.
- (d) New construction of homes, which may include land acquisition, infrastructure, and development subsidy/downpayment assistance/closing cost assistance.

HOME funds may be awarded as HOME CHDO funds in the case where a state designated Community Housing Development Organization (CHDO) holds title to the property at a designated point during the project for the following activities:

- (i) New construction of homes, including land acquisition, development subsidy and/or downpayment assistance, and
- (ii) Purchase, rehabilitation, and resale which includes acquisition, development subsidy and/or downpayment assistance.

*NAHTF \$* - available to:

Nonprofit 501(c)(3) and 501(c)(4) organizations, local units of government and public housing authorities. Proposals may include any or all of the following activities and *must include a service within the DED NAHTF regional boundaries*. Amounts will be reserved in seven regions to:

- (a) Provide downpayment assistance for existing homes.
- (b) Rehabilitate homes that are currently owned (service area must include four communities or more).
- (c) Purchase, Rehabilitation, and Resale which includes acquisition, development subsidy and/or downpayment assistance.
- (d) New construction of homes, which includes land acquisition, infrastructure, development subsidy and/or downpayment assistance.

\*\*\*one eligible nonprofit 501(c)(3) or 501(c)(4) organization recommended by the Assistive Technology Partnership to rehabilitate existing owner-occupied homes to make accessibility improvements for disabled residents statewide.

\*\*\*Nebraska Housing Resource, Inc., an eligible nonprofit 501(1)(c)(3) organization, to fund site development expenses related to providing Bar-None Housing to housing developers in non-metro areas of the state

*CDBG \$* - available to local units of government for owner-occupied rehabilitation programs in a service area of three (3) communities or less.

\*HOME funds may be used for projects in this category if not fully awarded in the Regional Homeowner Program for HOME funds.

**Disaster Emergency Housing Fund**– NAHTF funds will be available to respond to housing needs related to State Declared Disaster areas for eligible activities.

*NAHTF \$* - available to:

Nonprofit 501(c)(3) and 501(c)(4) organizations, local units of government and public housing authorities to address NAHTF eligible activities that will assist in the response to State Declared Disaster areas. These funds will not be available to directly fund individuals. No more than \$200,000 will be funded in this category during the program year. DED reserves the right to decline funding to any project based on the reasonableness and eligibility of the request.



### **C. Application Process and Review Criteria**

The 2002 DED Affordable Housing Program includes the following applications for funding based on proposed activities. DED will begin to review all applications after they are received on the specified due date. Each application guideline will include a description of threshold requirements and scoring criteria. Generally, applicants ranking highest, or in the case of NAHTF for regional homeowner programs, those programs ranking highest in each region, shall receive either a Notice of Award or a Notice of Fund Reservation, subject to the amount of funds available. DED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, regardless of ranking. DED will determine the most appropriate funding source and amount for the proposed project or program. Only one AHP funding source will be awarded to an application unless blending of sources is necessary. Applications recommended for approval through this process will be presented to DED's director for consideration of recommending an award to the governor. The DED director has the authority to ask for reconsideration of the award recommendation or to submit the director's recommendation to the Governor. The DED director may award funds for predevelopment, organizational operating, and rental projects with less than \$50,000 DED AHP on behalf of the governor. All actions will be in compliance with the submission and selection criteria. The governor may use executive authority to make awards provided that all established criteria in this statement are met.

#### **■ ■ ■ RENTAL HOUSING ■ ■ ■**

### **DED Affordable Housing Program (AHP) Rental Housing Application**

One application process will be available for HOME and NAHTF funds for rental housing development. Funds will be provided as a loan to the local or regional housing or housing-related services nonprofit 501(c)(3) or 501(c)(4); public housing authority; or local unit of government. Loan terms will be determined at the time of funding. Each funding source is limited in the income levels of the tenants and the rents that are allowed. Applications for the first round must be postmarked on or before March 29, 2002. Second round applications must be postmarked on or before December 28, 2002. Applications through the Community Housing Investment Partnership (CHIP) process (requests for less than \$50,000 DED AHP funds) and the USDA-RD 515 set-aside will be accepted on an ongoing basis.

**Review criteria** will include priority for projects that demonstrate the following characteristics:

- (a) a well-documented need; (b) status commitment of all other funding sources; (c) a viable 15-year operating proforma; (d) community, local and regional support; (e) appropriate size, scope, rent schedule and income levels being served; (f) demonstration that the project would be ready to proceed with acquisition, construction or rehabilitation within three months of funding; (g) demonstrated

capacity for long-term management and ownership by a community-based nonprofit or public housing authority; (h) successful completion of previous DED AHP funded rental housing projects; (i) for projects including 1-11 units this market study is **not** required to be completed by a third party. However in this case the market methodology provided in the AHP Rental Housing Application Guidelines must be used. For projects including 12 or more units, the market study must be completed by a qualified third party professional; and (j) a development team that includes an experienced, qualified affordable housing developer (nonprofit or for-profit).

\$500,000 is reserved for approved special needs project(s) that serve populations experiencing one or more of the following: developmental disabilities, physical disabilities, severe mental illness, HIV/AIDS, and/or homelessness (including transitioning youth). Project(s) assisted under the AHP Rental Special Needs Set-Aside must substantiate significant and long-term commitment of the necessary resources for appropriate supportive services. *The project review criteria will include consideration for cost differences in special needs projects.*

\$300,000 is reserved for approved USDA-RD 515 projects that are recommended by the Nebraska USDA-RD Office.

Applications for the Community Housing Investment Partnerships (CHIP) process (requests for less than \$50,000 DED AHP funds) will be accepted on an ongoing basis.

HOME funds may be awarded HOME CHDO funds in the case where state designated Community Housing Development Organizations (CHDOs) hold ownership or have controlling interest in the project.

A detailed description of the scoring process and other assistance to applicants will be provided in the 2002 DED Affordable Housing Program Rental Housing Application Guidelines available in January 2002. Applications for the first round must be postmarked on or before March 29, 2002. Second round applications must be postmarked on or before December 28, 2002. Applications for highly-leveraged rental projects requesting less than \$50,000 DED AHP funds and the USDA-RD 515 set-aside will be accepted on an ongoing basis.

Generally, applicants ranking highest shall receive either a Notice of Award or a Notice of Fund Reservation, subject to the amount of funds available. DED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, regardless of ranking. DED will determine the most appropriate funding source and amount for the proposed project or program.

## ■ ■ ■ PREDEVELOPMENT ■ ■ ■

### **DED Affordable Housing Program (AHP) Predevelopment Application**

One application process will be available for NAHTF funds for predevelopment loans to determine the feasibility of a specific affordable housing project. The funds will be provided as a loan to local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government and public housing authorities.

**Review criteria** for selection will be based on proposals that demonstrate the following (a) a demonstrated need for the DED AHP funds; (b) Project Impact; (c) Strategy; and (d) Work Plan and Budget.

A detailed description of the scoring process and other assistance to applicants will be provided in the 2002 DED Affordable Housing Program Predevelopment Application Guidelines available in January 2002. Applications will be accepted at any time after July 1, 2002. Applications will be reviewed in the month following receipt by DED. New applications will no longer be accepted when funds have been fully committed.

## ■ ■ ■ OPERATING GRANT- HOUSING ■ ■ ■

### **DED Operating Grant Application**

One application process will be available for operating grant funds for organizational operating costs to increase the capacity of an organization to produce affordable housing or provide technical assistance to housing development organizations to increase their capacity to produce affordable housing. NAHTF funds will be provided as a grant to the nonprofit 501(c)(3) or 501(c)(4). State designated Community Housing Development Organizations (CHDOs) can access NAHTF funds for operating costs as eligible nonprofit 501(c)(3) and 501(c)(4) organizations.

**Review Criteria:** Pre-applications review will include consideration for operating proposals that demonstrate the following: (a) Consistency with the Consolidated Plan – organizational mission, proposed activities and goals of the organization are consistent with the priorities of the Housing and Community Development Consolidated Plan; (b) History – applicant demonstrates a history of serving the community/service area proposed in the strategic plan or applicant documents a clear and reasonable process to expand and include representation from a new community/service area; and (c) Budget – organizational budget demonstrates that a request for DED AHP Organizational Operating funds is reasonable and responsible.

**Operating Grant Consideration Process:** The budget will be reviewed in-depth throughout the operating grant consideration process.

Date	Item	Completed By	Additional Comments
January 4, 2002	Pre-application postmarked or received by DED.	Eligible applicant	This is required to be considered for funding in 2002. There will be no additional opportunities.
January 14, 2002	Selection and non-selection letters sent to applicants.	DED	Applicant will be informed on whether they are selected to be considered for the award. This is not an award approval.
January 14, 2002 – March 4, 2002	Participation in a personal meeting to discuss a proposed Result Oriented Agreement.	Applicant staff representative, Applicant board representative, DED staff	Applicant representation is required at a location to be determined by DED.
March 4, - 25, 2002	First draft proposed Result Oriented Agreement sent to applicant for review.	DED	
March 25, 2002 – April 15, 2002	Participation in second personal meeting to further discuss a proposed Result Oriented Agreement.	Applicant staff representative, DED staff	Applicant representation is required at a location to be determined by DED
April 15, 2002 – May 13, 2002	Final draft of Result Oriented Agreement sent to applicant for review.	DED	
July 1, 2002	Response to final draft Result Oriented Agreement due to DED.	Applicant	
July 1, 2002 to August 1, 2002	Result Oriented Agreement sent to organization.	DED	
September 16, 2002	Signed Result Oriented Agreement postmarked or received by DED.	Applicant	Applicants exercising the right to not agree with the terms and conditions and not sign the agreement forfeit the right to be considered for operating funds in the 2002 PY. These organizations may reapply in the 2003 PY.
October 1, 2002	Contract begin date for awards.	DED	Regardless of whether awards are made or not made by this date, the contract begin date still applies.
October 1, 2002	Award contract, letter and other documentation sent to awardee.	DED	This date is an estimate subject to the timing of the approval process.
December 2, 2002	Release of funds documentation submitted.	Awardee	Release of award funds allowing for the submission of pay requests will be processed after receipt of the required items.

As stated in the table above, the 2002 process includes consideration for result-oriented measures for applicant organizations. DED recognizes this is a new process for both the department and applicants and is committed to being reasonable and true to the purpose of this process. Applicant organization staff and board members are expected to have affordable housing activities and organizational improvement planned for the upcoming years. It is the intention of DED that conditional commitments and projections of

assistance from DED to the organization be made for the 2003 and 2004 program years. There is still an opportunity for new applicants and unsuccessful 2002 applicants to apply in the 2003 Program Year. Organizations that choose to not accept the process generally, or the result-oriented agreement specifically will forfeit the opportunity to receive 2002 Nebraska Affordable Housing Program Organizational Operating Grants.

### ■ ■ ■ HOMEOWNER PROGRAMS ■ ■ ■

#### **DED Affordable Housing Program (AHP) Regional Homeowner Programs Application**

One application process will be available for NAHTF and HOME funds for regional homeowner activities. The funds will be provided as a grant to the nonprofit 501(c)(3) or 501(c)(4), public housing authority or local unit of government. HOME funds may be awarded as HOME CHDO funds in the case where a state designated Community Housing Development Organization (CHDO) holds title to the property at a designated point during the project for the following activities: (i) New construction of homes including land acquisition, development subsidy and/or down-payment assistance; and (ii) Purchase, rehabilitation, and resale, which includes acquisition, development subsidy and/or down-payment assistance.

**Review criteria** will include consideration for projects that demonstrate the following: (a) a need for the proposed activities; (b) commitment of other appropriate funding sources; (c) a reasonable request amount with a detailed implementation schedule; (d) demonstration that the project will be completed within three years of award for activities involving new housing construction and two years for activities involving existing housing; (e) availability of below market interest rates for new homebuyers in the region; (f) regional support; (g) program guidelines that include a strategy for assisting persons referred by the Home of Your Own Coalition (HOYO) to provide homeownership assistance to persons with disabilities; and (h) organizational capacity to develop and implement the project successfully. Regional homeowner funds will be available for owner-occupied rehabilitation programs only if the service area includes more than four communities. In addition, NAHTF regional program service area(s) must only be included in one NAHTF Regional Homeowner programs allocation region (See Table 2 page 3-17 and Exhibit One page 3-15).

A detailed description of the scoring process and strategy for funding will be provided in the 2002 DED Affordable Housing Program Regional Homeowner Programs Application Guidelines available in January 2002. Applications postmarked on or before April 30, 2002 will be accepted.

Regional allocations were determined using the following method:

- (1) Panhandle Region 1 and Southwest Region 3 were combined, North Central Region 2 and South Central Region 4 were combined. This was to allow for a regional allocation that was sufficient enough for competitive applications to be submitted.
- (2) A base allocation of \$200,000 was distributed to Panhandle Region 1/Southwest Region 3, North Central Region 2/South Central Region 4, Northeast Region 5, Southeast Region 6, and Tribes Region 9. This base was used to ensure each regional allocation would be sufficiently funded to allow for at least one quality project per region. Omaha and Lincoln were not included due to the fact that each receives a direct allocation of federal HOME and CDBG funding.
- (3) A formula using population as the base and weighted with the per capita personal income in 1999 (most recent figures) was used to determine a formula allocation for Panhandle Region 1/Southwest Region 3, North Central Region 2/South Central Region 4, Northeast Region 5, Southeast Region 6, Omaha Region 7, and Lincoln Region 8. Tribes Region 9 was not included in this allocation because this category is not based on a geographic status and therefore any applications eligible for the Tribes Region 9 also are eligible for the other applicable NAHTF Region allocation (excluding the cities of Omaha and Lincoln).

<p><b>Table 2</b></p> <p><b>NAHTF Reservation of Funds for Regional Homeownership Programs</b></p>	
Panhandle Region 1 and Southwest Region 3	\$471,000
North Central Region 2 and South Central Region 4	\$565,400
Northeast Region 5	\$483,000
Southeast Region 6	\$683,600
Omaha Region 7*	\$352,200
Lincoln Region 8*	\$244,800
Tribes Region 9**	\$200,000

\*Funds will be provided for homeownership activities directly to the cities of Omaha and Lincoln for distribution to eligible recipients.

\*\* Service area cannot include cities of Omaha and Lincoln

## **DED Affordable Housing Program (AHP) Community Housing Rehabilitation Programs Application**

An application process will be available for Community Development Block Grant (CDBG) for owner-occupied rehabilitation programs. Funds are available to local units of government for programs that include three or less communities. HOME funds may be used for projects in this category if not fully awarded in the Regional Homeowner Program for HOME funds.

**Review criteria** is based on three factors:

- (a) Community Needs Factor (CNF) – scoring of four statistical factors that measure the applicant's economic distress.
- (b) Needs identification – a description of the applicant's public participation plan and the process to identify overall needs and allocate resources to address needs.
- (c) Impact of activities on identified needs and state objectives – activity's impact on needs identified through the needs identification process and impact on the state objectives.

Additional assistance to applicants will be provided in the 2002 DED Affordable Housing Program Community Housing Rehabilitation Programs Application Guidelines available in January 2002. Applications for the first round will be accepted if postmarked on or before March 29, 2002.

Table 3

<b>DED Affordable Housing Program (NAHTF, HOME, HOME CHDO set-aside, and CDBG) Application Information</b>			
<b>Application</b>	<b>Eligible Applicants</b>	<b>Application Cycles</b>	<b>Submission Criteria</b>
Rental Housing Application	Local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government and public housing authorities.	Applications for the first round must be postmarked on or before March 29, 2002. Second round applications must be postmarked on or before December 28, 2002.	A recipient can only receive a reasonable number of Rental Housing Project awards considering geographic distribution of funds and the capacity of the recipient to complete all awarded projects in a timely manner. The maximum number of awards will be determined on a case-by-case basis.
Predevelopment Application	Local or regional nonprofit 501(c)(3) or 501(c)(4), public housing authority or local unit of government.	Applications will be accepted at any time after July 1, 2002. New applications will no longer be accepted when funds have been fully committed.	A recipient can only receive an award for one Predevelopment Proposal.
Organizational Operating - Housing Application	Nonprofit 501(c)(3) and 501(c)(4) organizations.	Pre-applications must be postmarked on or before January 4, 2002.	A recipient can only receive an award for one Operating Proposal.
Regional Homeowner Programs Application*	Nonprofit 501(c)(3) and 501(c)(4), public housing authorities and local units of government.	Applications postmarked on or before April 30, 2002 will be accepted.	A recipient can only receive an award for one Regional Homeowner Program.
Community Housing Rehabilitation Programs Application	Local units of government	Applications will be accepted if postmarked on or before March 29, 2002.	A recipient can only receive an award for one Community Housing Rehabilitation Program.

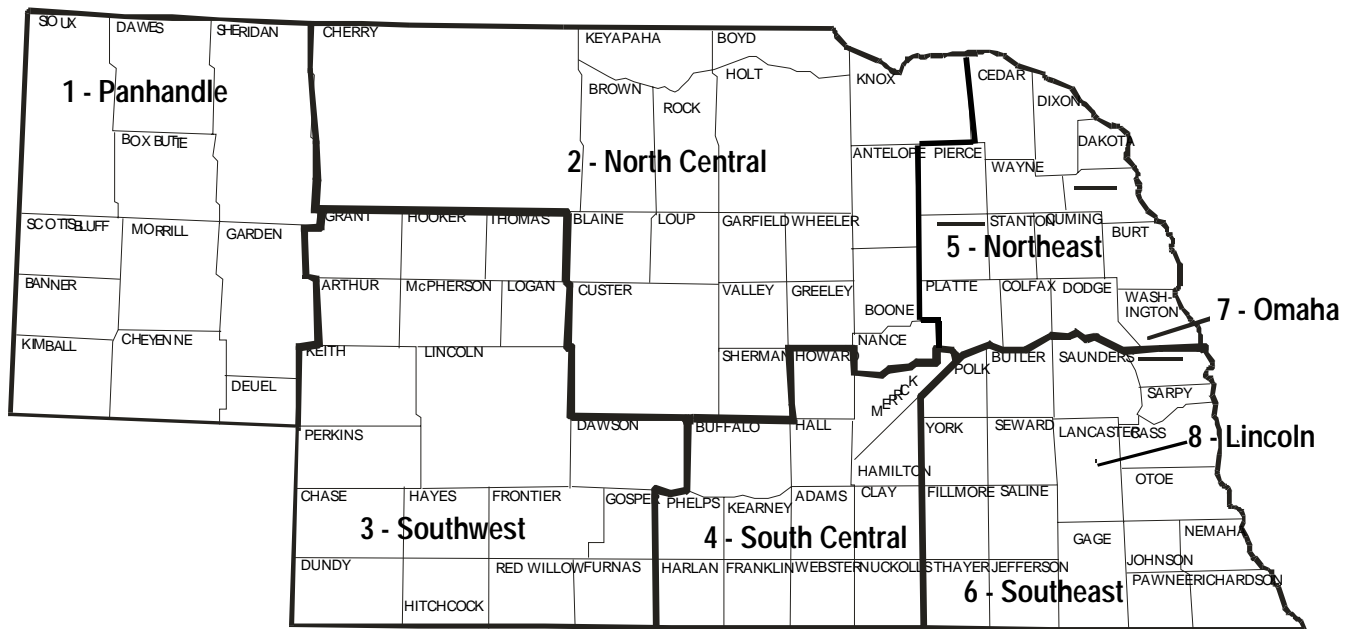
**No final awards will be made prior to July 1, 2002. Applications selected for funding in the first round of the Rental Category will receive notice of a Reservation of Funds, however, a formal award with a subsequent Release of Funds period will not occur until after July 1, 2002.**

\*Funds will be provided for homeownership activities directly to the cities of Omaha and Lincoln for distribution to eligible recipients.



*Exhibit 1*

## 2002 Nebraska Affordable Housing Trust Fund Regions



## Homeless

### Funding Category

#### **A. Nebraska Homeless Assistance Program – State Objective**

The objective for the Nebraska Homeless Assistance Program (NHAP) is to assist in the immediate alleviation of homelessness by Nebraska citizens using HUD Emergency Shelter Grant Program (ESGP) funds and the Nebraska Homeless Assistance Trust Fund (HSATF). The state will participate in a Homeless “Continuum of Care System” for provision of emergency shelter and supportive services for homeless, special needs, and high-risk populations in each of the eight Nebraska Homeless Assistance Program (NHAP) planning regions. Please refer to the map on page 3-23.

This objective includes providing immediate emergency and temporary shelter for homeless individuals and families, addressing the special needs of homeless migrant farm workers; and encouraging the development of collaborative projects that link housing assistance with emergency programs to promote housing recovery and family self-sufficiency in the state of Nebraska.

#### **B. How and What Projects to Be Assisted**

The Nebraska Department of Health and Human Services System (HHSS) will award funds under the Homeless Category to eligible nonprofit 501(c)(3) homeless service providers, specifically programs that provide emergency shelter, transitional housing and support services to homeless and at-risk of homelessness persons in the state of Nebraska.

Building upon the Nebraska Statewide “Continuum of Care Process” for homeless persons and those with special or emergency housing needs due to life threatening conditions, HHSS will distribute the PY 2002 NHAP funds through a formula process according to the population and resulting homeless needs of the HHSS state planning regions. ESG and HSATF serve as only two of the many integral funding sources needed for a "Continuum of Care System" for families who are homeless or at immediate risk of homelessness. HHSS assumed the responsibility of the Nebraska Homeless Assistance Program (NHAP) on September 1, 2001. Eligible organizations that serve Nebraska's homeless and near-homeless will submit applications to HHSS. A review panel will recommend funding levels to the governor up to the total amount of each regional allocation. HHSS will distribute the NHAP funds using a formula based on population and identified homeless needs within the NHAP regions.

*Investment of Emergency Funds* – HHSS will set aside 5% of HSATF funds for investment in the Homeless Shelter Assistance Trust Fund by the state investment officer pursuant to State Statute Sections 72-1237 to 72-1276. These funds may be used in case of an emergency situation that occurs outside of the annual NHAP funding cycle.

*Program Funding Priorities* – Maintaining current levels of services geographically dispersed throughout the state is the 2002 NHAP funding priority.

### **C. Application Process and Review Criteria**

Funds will be provided through a HHSS grant contract to eligible nonprofit 501(c)(3) homeless service providers, specifically programs that provide emergency shelter, transitional housing and support services to homeless and near-homeless individuals in the state of Nebraska.

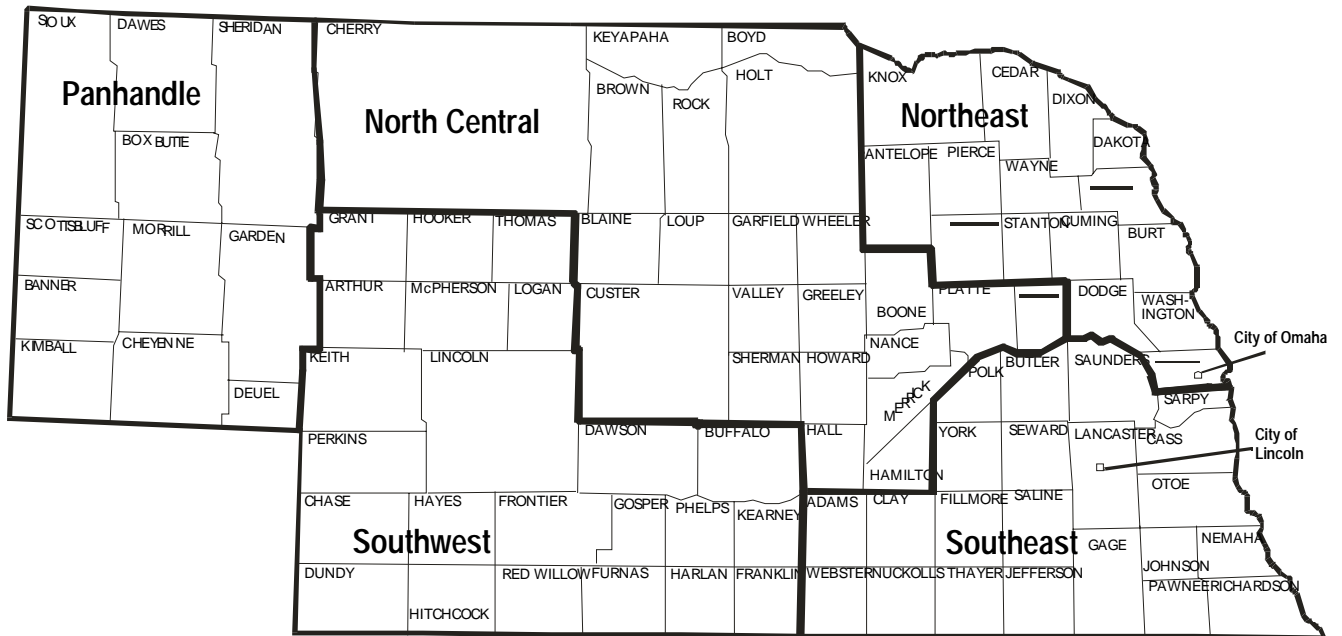
Final decision of NHAP awards will be determined and confirmed by HHSS and the office of the governor based upon eligible and appropriate activities as outlined in the rules and regulations for ESG and HSATF.

### **D. Time Line**

February 1, 2002	Request for NHAP Funding Application (short form) available
March 29, 2002	NHAP Applications accepted if postmarked by midnight
June 2002	Awards Announced by governors office and HHSS

*Exhibit 2*

# 2002 Nebraska Homeless Assistance Program



## Section Four: Community Development Priority

*Strengthen Nebraska communities through  
community development programs and services.*

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## **Strategies, Objectives & Measurements**

**The four (4) five-year strategies developed to meet this priority are:**

- + Assist communities and counties with strategic planning that results in long-term development investments**
- + Improve the quality of water and wastewater in Nebraska**
- + Assist in developing and financing appropriate infrastructure and facilities for communities and counties that have planned and set priorities for long-term community economic development projects and initiatives**
- + Strengthen technical assistance for community improvement**

### **Background**

The following is a report on the activities the state plans to undertake during the next year to target non-housing community development problems in the four funding categories through which DED competitively allocates CDBG funds. Resources must be targeted to serious problems affecting the local economic base, public health, welfare, or safety. DED structures its community development CDBG allocations around four funding categories: water/wastewater, public works, tourism development, and planning. The types of projects funded, and the priorities and objectives for each category are listed in the state's Consolidated Plan. Lastly, the state has an obligation to more effectively coordinate its delivery system for community development programs, services, and funding.

For example, many rural Nebraska communities simply do not have facilities, such as community buildings, care centers, fire protection, and medical clinics. Because they are lacking in one or more of these facilities, the community is often in jeopardy of losing its economic base to nearby communities that can offer these services. Other communities may have these facilities, but have outgrown them, or the facilities have become economically obsolete. Another serious problem plaguing many rural communities involves water and sewer infrastructure, communities that lack public water/sewer systems or that have deteriorating facilities. Other communities have outgrown their water and wastewater systems. Some systems no longer meet the requirements set forth by the Environmental Protection Agency. Other equally serious problems with infrastructure exist. Communities also need to support their community attraction facilities that strengthen the economic development base.

State community development resources also must be directed toward problems that are resolvable.

- Applicants must show that work on their projects can be started promptly.
- Community development problems are serious compared with other problems identified in all the applications received.
- Projects will resolve community development problems in a reasonable period of time.

### **The CDBG Advisory Committee and the Economic Development Commission**

CDBG strategies have resulted from more than 15 years of consultation with local communities and public comment. The selection criteria and priorities outlined in the CDBG section of this Action Plan also were developed with advice and consent of the CDBG Advisory Committee and the Nebraska Economic Development Commission. Priorities and strategies support the state's anti-poverty strategy of creating jobs with livable wages, and are directed toward both workers and employers. The efforts for workers include assuring that education, job training, and skill development programs adequately prepare them for the jobs that are available. The business efforts include providing economic assistance, tax credits, and loans that attract new firms; and retaining/expanding existing ones, especially businesses that hire low- and very low-income people.

Set up by state statute, the Nebraska Economic Development Commission provides leadership and advice to DED to strengthen Nebraska's position in the global economy. The commission consists of nine voting members (three each from Nebraska's three congressional districts) and the DED director (a non-voting member).

The CDBG Advisory Committee, created in 1986, regularly consults with DED regarding the state's CDBG Program. The committee helps determine community development objectives, state priorities, and fund distribution guidelines. Committee members are appointed by the Nebraska Economic Development Commission upon recommendation of DED.

### **Actions for the 2002 Program Year**

Objectives and measurable actions planned between July 1, 2002 and June 30, 2003 for the four strategies are listed below:

#### **+ Strategy One**

**Assist communities and counties with strategic planning that results in long-term development investments.**

**Objective #1:** Invest CDBG funds in local and regional studies and plans that result in quality projects.

Performance Measurement: Up to \$446,799 of the 2002 annual CDBG allocation will be awarded for local and regional plans, of which \$100,000 is reserved for Planning for Capacity Building. The state will invest in 15 local and regional projects by June 30, 2003, that impact the



implementation of economic development, community development and housing projects.

**Objective #2:** Invest CDBG funds in technical assistance and training to local government officials for building capacity in the management and implementation of community planning.

Performance Measurement: up to \$154,570 of the 2002 CDBG funds will be allocated to these activities. The number of training sessions offered and attendees will be tracked annually for program benefit. The state will provide technical assistance to local planning officials. This assistance will include the continuation of electronic and telecommunication tools with a web conference board and CD-ROM training implemented by June 30, 2003. The state will provide five technical assistance workshops during the program year to local grant administrators. The state also will establish on-line and CD-ROM tools for web site access and document submission and reporting by June 30, 2003.

**Objective #3:** Promote and implement NCIP to assist and recognize efforts in community organizing, leadership development and project implementation.

Performance Measurement: Approximately 70 communities will participate in the 2002 Nebraska Community Improvement Program.

**Objective #4:** Encourage private sector involvement in the Community Development Assistance Act.

Performance Measurement: Track information to ensure that 100% of the CDAA tax credits allocated are used or claimed.

## **+ Strategy Two**

### **Improve the quality of water and wastewater in Nebraska.**

**Objective #1:** Use a coordinated application process to fund priority projects that leverage other available financial resources and are ready to promptly start and complete construction within 24 months. The coordinated application process is done between the following federal and state agencies: U.S. Department of Agriculture-Rural Development, Nebraska Department of Health and Human Services, Nebraska Department of Environmental Quality and Nebraska Department of Economic Development.

Performance Measurement: Approximately 50 pre-applications will be reviewed and up to eight projects will be funded by CDBG. It is estimated that \$2 million in CDBG funds will be invested in these water/wastewater

projects leveraging \$2 million in other public and private funds. If deemed necessary, appropriate changes will be made to the coordinated application process.

**+ Strategy Three**

**Assist in developing and financing appropriate infrastructure for communities and counties that have planned and set priorities for long-term community economic development.**

**Objective #1:** Invest CDBG funds in quality projects that are identified in a formal community plan; compliment or support related community investments; leverage maximum private and/or other investment; have reasonable plans for long-term operation and maintenance; and are ready to start and complete construction within 24 months.

Performance Measurement: Approximately eight projects will be funded annually leveraging up to \$2 million in other public and private funds.

**Objective #2:** Evaluate the application, review, ranking and selection process and make necessary changes for improvement.

Performance Measurement: With local governments and nonprofits, determine the feasibility of putting application guidelines and forms on DED's web page. Determine the capacity of local governments to transmit applications electronically. Implement changes to the application process by June 30, 2003.

**+ Strategy Four**

**Strengthen technical assistance for community improvement.**

**Objective #1:** Identify and develop resources to assist communities in community organizing, leadership development, funding sources and project implementation.

Performance Measurement: Maintain partnerships with other funding providers to help leverage dollars for community projects. Develop or update a Project Networking Guide and a Foundation Resource Directory. Investigate the feasibility of an interactive web site and community level databases and issue a report by June 30, 2003. Provide up to 1% of annual CDBG allocation for training opportunities that will build capacity at the local level. Support NCIP, Certification Workshops and Modules, Community Planning Training, Technical Assistance Application Workshops, Nebraska Clerks School, Environmental and Lead-based Paint Training.

## **Community Development Funding Category (Includes Public Works & Water Wastewater)**

### **A. Community Development Category – State Objective:**

The state CDBG objective of the Community Development Category is to provide for investments in effective and affordable infrastructure to quality communities that are investing in long-term development. This provides a sound basis for fostering local economic development. This recognizes the importance of the availability and condition of public works/facilities and housing in business expansion and location decisions. Funded projects shall develop the state's communities and counties by providing residents with basic public works/facilities with the opportunity to maximize energy efficiency.

### **B. How and What Projects may be Assisted**

#### **Distribution of 2002 Community Development Category Funds:**

DED will award grants under the Community Development Category to eligible local governments to carry out public works/facilities and projects meeting the national and state CDBG objectives through:

**Public Works:** Single or multiple activities that contribute to the revitalization of neighborhoods or specific target areas that are contiguous and substantial which have concentrations of LMI families or which are blighted and substandard. The target area boundaries must allow for maximum treatment of substandard conditions.

Activities given priority are: community centers or senior centers of a single or multipurpose nature designed to provide public recreational or social activities; nonprofit centers for day care, dependent care, primary health and mental health care outpatient clinics (excluding shelters defined as: hospitals, nursing homes, convalescent homes, battered spouse shelters, shelters for the homeless, halfway houses, group homes, temporary housing); accredited public libraries; single or multi-service fire/rescue buildings (fire trucks are specifically considered “public facilities” and thus eligible, ambulances are not); removal of architectural barriers for accessibility; incidental water distribution and/or incidental sanitary sewer collection system improvements that support other eligible improvements (the principal activity should represent 80% of total funds requested); bridge and/or street improvements including curb, gutter, and sidewalk; storm sewer improvements; flood control (designed to influence or affect the flow in a natural water course such as a river, stream or lake); and drainage improvements (i.e. retention ponds or catch basins). When in support of any of the above activities, acquisition/easements, clearance, and code enforcement activities that predominantly benefit LMI persons, prevent/eliminate slums/blight, or meet an urgent development need may be undertaken.

**Water Wastewater:** Activities that are designed to address and resolve a specific problem/need that will contribute to the revitalization of a community or specific target areas that are contiguous and substantial, where there is a concentration of lower income

families or where there is an urgent development need. Activities given priority are water system improvements including, source, treatment, storage and/or distribution improvements; sanitary sewer collection and/or treatment system improvements. When in support of any of the above activities, acquisition/easements, and clearance activities may be undertaken.

### **C. Threshold and Review Criteria for Submitting Applications**

#### **Community Development Category/Applicant Submission and Grantee Selection:**

Eligible local governments may individually or jointly apply only once and receive only one grant per year in the Community Development Category. An applicant in Public Works may not submit an application in Water Wastewater or vice versa.

Applications will be submitted as prescribed in the Community Development application guidelines. Water Wastewater (WW) applications will be accepted throughout the year beginning April 1, 2002. Public Works (PW) applications will be accepted beginning April 1, 2002 through April 23, 2002. Applications will be accepted during this period based on U.S. Postal Service postmark date or date of delivery by other means.

Threshold requirements must be met prior to review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- PW applicant meets minimum selection criteria scores of 45 points for needs identification, and 200 points for impact of activities on identified needs; and
- applicant has achieved the percentages of CDBG funds drawn down or obligated for prior CDBG Community Development grants as follows:

<b>THRESHOLD YEARS</b>	<b>Community Development</b>
2001 Grantee Obligated	80% CDBG
2000 Grantee Drawn Down	90% CDBG
1999 Grantee Drawn Down	100% CDBG

*The obligation/draw down threshold exempts: Economic Development, Business Development, Housing, Planning grantees, a grantee that hasn't completed activities that meet the urgent need national objective, or a grantee*

*that has litigation against the project that inhibits CDBG funds from being drawn down.*

The percentage for obligated funds shall be documented in the application and figured at the date the application is received by DED. The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

Potential Water Wastewater applicants must submit a preapplication consisting of a cover sheet and a preliminary engineering report. An interagency team will concurrently review the engineering report within 60 days of submission for technical, operational, and financial aspects of the project. Substantive concerns must be addressed before the interagency team will recommend logical funding sources to which a full application should be submitted. Each funding agency will follow its own full application process.

Water Wastewater applicants will be reviewed by DED according to the following threshold factors before a CDBG application is invited: 1) priority health need as determined by Drinking Water State Revolving Fund health priorities, or priority environmental need as determined by Clean Water State Revolving Fund project benefit, beneficial use and quality of receiving waters; 2) appropriateness and completeness of solution in terms of size, capacity and demand for the community as well as technical, operational and financial aspects of the project; 3) financial need for grant funds over and above private/local efforts and only to the extent that reasonably projected user fee exceeds 1.75% of community median household income; and 4) readiness to promptly start and complete construction to include, but not be limited to, verification of reliable water source if applicable, status of plans and specifications, and commitment of non-CDBG funds to complete the project.

Public Works applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix. Applicants ranking highest in competitive order shall be selected for funding subject to the amount of funds available for each priority.

Applications recommended for approval through these processes will be presented to DED's director for recommendation to the governor for grant award. The DED director has the authority to ask for reconsideration or to submit the director's recommendation to the governor. All actions will be in compliance with the submission and selection criteria. The governor may use executive authority to make grant awards to local governments, provided all established criteria in this statement are met.

### **Public Works - Selection Criteria Matrix**

The matrix on this page delineates each selection criterion as a numerical score applied to Public Works. The minimum threshold scores are: 45 points for needs identification and 200 points for impact of activities on identified needs.

(1)	(2)	(3)	(4)	(5)	
CNF	NEEDS IDENT.	IMPACT NEEDS	LOCAL EFFORT	LEVERAGE	TOTAL
80	150	400	100	75	805

The most current available data will be used for the selection criteria, which are:

- (1) Community Need Factors (CNF) scoring of four statistical factors (each valued at 0-5-10-15 or 20 points) that measure the applicant's economic distress: (a) population changes based on the statewide percentage change from 1990 to the most current year for which the U.S. Bureau of the Census has reported a count or estimate compared to the applicant's percent change in population for that period; (b) per capita income, based on the most recent local estimate compared to the state per capita income; (c) unemployment, based on the current unemployment rate of the applicant's county compared to the state's average unemployment rate; and (d) net taxable sales change of the applicant, reported by the Nebraska Department of Revenue, as compared to the state's net taxable sales change. (maximum 80 points)
- (2) Needs Identification - applicant's description of public participation and the process used to identify community needs and allocate resources to address needs will be compared to other applicants with: 0 – inadequate, 15 – average, 37 – above average and 50 - outstanding. The three criterion with up to 50 points each include: community and economic development efforts in recent projects involving local resources; community action plans for short- and long-term projects; community needs assessment process using interviews, surveys, studies, public meetings, local groups and organizations. (maximum 150 points with minimum threshold score of 45 points)
- (3) Impact of Activities on Identified Needs - activities' impact and needs identified will be compared to other applicants with : 0 – inadequate, 25 – below average, 50 – average, 75 – above average, and 100 – exceptional. The four major components include: the number of people and proportion of community affected and seriousness of needs being resolved @ 0-100 points; the significance of the solution in alleviating the identified problem especially for lower income persons @ 0-100 points; the financial need as measured by household/user and overall local funds support @ 0-100 points; and the efficiency for physical/financial/administrative implementation of the project @ 0-100 points. (maximum 400 points) (minimum required score 200 points)

- (4) Local Effort Factor - applicant's fiscal effort to maintain and improve its public facilities through: (a) user fee revenues; (b) local government tax revenues. The local effort formula will be as follows: the latest complete fiscal year local government tax revenues, including local sales tax revenues, plus the latest complete fiscal year water/sewer and certain other fees, divided by the product of the applicant's most recent counted or estimated population reported by the U.S. Bureau of the Census multiplied by the applicant's most recent per capita income. The score of all applicants within a CDBG CD priority will be proportional to the median local effort score within that priority. Applicants are competitively ranked and scored only against those in the same priority. (maximum 100 points)
- (5) Leverage - local and other funds or in-kind contributions committed to the project's activities that exceed the required match. Leverage is scored based on three points per percentage that exceeds the required match. (maximum 75 points)

## **Planning Funding Category**

### **A. Planning Category – State Objective**

The state CDBG objective of the Planning Category is to provide communities the opportunity to solve problems and meet citizen needs through a community planning process that assesses community development needs, develops options for meeting those needs, and packages work plans or carries out processes that lead to successful projects.

### **B. How and What Projects may be Assisted**

#### **Distribution of 2002 Planning Category Funds:**

DED will award grants under the Planning Category to eligible local governments to carry out local and regional planning activities (strategic or special projects) meeting the national and state CDBG objectives. These plans should lead to project financing through other categories in the CDBG Program or funding solutions through other federal/state/local/nonprofit entities or a combination of various funding resources. In general, eligible planning activities include: studies, analyses, data gathering, identification of implementation actions, and preparation of plans. These planning projects include:

- Community strategic planning including environmental scan, needs assessment, citizen participation, and fiscal management.
- Analyses of impediments and barriers to fair housing choice.
- Neighborhood/comprehensive/strategic development plans.
- Functional or special studies for: housing, infrastructure, community economic development, land use/ regulatory measures, central business district, energy conservation and transportation.
- Environmental and historic preservation studies.
- Community Development and Housing Plans.

Ineligible activities include: engineering, architectural and design work related to a specific activity; implementation of the plan; operating costs for an organization; and the preparation of a CDBG application.

### **C. Threshold and Review Criteria for Submitting Applications**

Eligible local governments may individually or jointly apply and receive only one grant per cycle in the Planning Category.

Applications will be submitted as prescribed in the CDBG application guidelines. Applications will be accepted during two cycles. The first cycle is April 1, 2002 through April 15, 2002 and the second cycle is October 1, 2002 through October 15, 2002.



Applications will be accepted during these periods based on U.S. Postal Service postmark date or date of delivery by other means. Applications not funded during the first cycle may be carried over to the second cycle at the request of the applicant or may be resubmitted during the second application cycle.

### **Threshold Requirements**

Applications will be returned and not considered if they fail to meet any of the following threshold requirements prior to review:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution; and
- applicant meets minimum selection criteria score of 400 points (includes no criterion with a 0 score).

### **Application Process**

Applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix for the 2002 Planning Category. Applicants ranking highest in competitive order shall be selected for funding, subject to the amount of funds available.

Applications recommended for approval through this process will be presented to DED's director for consideration or recommendation to the governor for grant award. The DED director has the authority to ask for reconsideration or submit the director's recommendation to the governor. All actions will be in compliance with the submission and selection criteria. The governor may use executive authority to make grant awards to local governments provided all established criteria in this statement are met.

### **Selection Criteria**

This matrix delineates each selection criteria as a numerical score applied to the Planning Category. The minimum total threshold score is 400 points (including no criterion with 0 points scored). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criteria will be scored in five point increments. Each selection criterion shall be scored on a scale. See chart top of next page.

(1)	(2)	(3)	(4)	
PROBLEM STATEMENT	IMPACT	STRATEGY	WORK PLAN/ BUDGET	TOTAL
175	200	175	250	800

- (1) Problem Statement –the significance of the stated problem will be compared to other applicants with: 0-25 no problem, 30-95-minor problems, and 100-175-major problems. The three criterion include: explanations of the overall purpose on the project application and factual information that illustrates the severity of the community's problems @ up to 75 points; past efforts to resolve the problem and meet community needs @ up to 50 points; and stated goals and objectives for resolving the problem statement with a description of how the community was included in the citizen participation process to determine the objectives for problem resolution @ up to 50 points. (Maximum 175 points with a threshold 30 points).
- (2) Impact –the impact of the problem solution will be compared to other applicants with: 0-55 inadequate, 60-120 average, and 125 –200 above average. The three criterion include: a description of the alternatives considered to deal with the need(s) and the rationale for selecting the proposed solution @ up to 50 points; a description of the proposed project in measurable units, the degree to which these accomplishments will reduce or eliminate the need(s), and any plans to eliminate what needs remain @ up to 125 points; and an indication of whether there has been a formal study/report completed that recommends the proposed solution, and if so, who completed it and when @ up to 25 points. (Maximum 200 points with a minimum threshold of 60 points)
- (3) Strategy – the project planning strategy for problem solution and community impact will be compared to other applicants: The five criterion will be scored on a maximum of 35 points per each and will include: along with 0-25 inadequate, 30-95 average, and 100-175-above average a detailed description of the planning activities and the methods for achieving goals and objectives; the objectives for meeting the goals along with a timeline for problem resolution; a description of the project outcome as expected in measurable terms; an outline and scheduling (timeline) of how broad-based community involvement/awareness will be included in the process for the CDBG planning project; and how the completed planning activities will benefit the community, especially low and moderate-income and special needs persons. (Maximum 175 points with a minimum threshold of 30 points)
- (4) Work Plan/Budget/Evaluation – the overall work plan to implement the planning project will be compared to other applicants: The three criterion include: 0-45 inadequate, 50-95 below average, 100-145 average, 150-195 above average and 200-250-above average. The three criterion also include: provide a work plan and a narrative that lists and describes the activities and tasks, time frames, products or outcomes, and key parties responsible for completing each activity @ up to 100 points; provide a budget that illustrates projected expenses, and links these expenses to the sources of funding @ up to 50 points; provide a budget narrative that addresses

the relationship of the CDBG Planning project to other funding sources and explains how expenses were determined @ up to 50 points; and a description of the plan and method for completing the project in a timely manner @ up to 50 points. (Maximum 250 points with a minimum threshold of 50 points)

## **Planning for Capacity Building**

### **A. Planning for Capacity Building for Community Development—State Objective**

The state CDBG objectives for the Capacity Building Category include providing technical assistance to communities, organizations and individuals on capacity building, project development and CDBG financing and implementation.

### **B. How and What Projects may be Assisted**

DED will award grants under the Planning for Capacity Building Category to eligible local governments to carry out strategic planning for housing, community development or economic development, conducting needs assessments, and developing plans that can be implemented.

Ineligible activities include: engineering, architectural and design work related to a specific activity; implementation of the plan; operating costs for an organization; and the preparation of a CDBG application.

### **C. Threshold and Review Criteria for Submitting Applications**

Eligible local governments may individually or jointly apply only once and receive only one Planning for Capacity Building grant per year.

Applications will be submitted as described in the guidelines. The applications will be accepted beginning April 1 through April 15, 2002. Additional application rounds will be announced as needed if funds are not fully committed in the first cycle.

Applications will be reviewed if the following threshold requirements are met:

- Applicant is eligible;
- Activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- Applicant has no significant, unresolved audit finding;
- Applicant has no legal actions under way that may significantly impact its capacity;
- Applicant is following a detailed citizen participation plan and anti-displacement plan;
- Applicant has adopted authorizing participation resolution.
- Applicant or any subrecipient organization have obligated 100% Planning or Planning for Capacity Building CDBG funds from prior grants.
- Applicant or any subrecipient organization have drawn down 85% Planning or Planning for Capacity Building CDBG funds from prior grants.

Applications not meeting these thresholds will be returned.

### **Selection Criteria**

This matrix delineates each selection criteria as a numerical score applied to the Planning for Capacity Building application. The minimum total threshold score is 150 points (including no criterion with 0 points scored). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criterion will be scored in five point increments with all scored criterion divisible by five. Each selection criterion shall be scored on a scale. See chart below.

(1)	(2)	(3)	
NEED FOR PROJECT	PROJECT IMPACT	WORK PLAN/ BUDGET	TOTAL
100	100	100	300

### **Need for Project**

The significance of the need for the project will be compared to other applicants with: 0-20 no need, 25-45-below average, 50-70 average, and 75-100 above average.

The four criterion with up to 25 points each include:

- (i) A description of the targeted population to be served by the project, the income levels of persons benefiting from the project, and the extent this population is currently being underserved by the present community development or economic development situation in the area.
- (ii) A detailed description of the analysis and planning that has taken place to date and a description of the process and findings that have led to this potential project.
- (iii) A listing of the groups and organizations that have taken part in this project to date and their roles and the extent that the community and especially low- and moderate-income persons were included in the discussions.
- (iv) For ongoing activities, discuss how this project is an expansion of previous activities. If applicable, how were activities funded in the past? For new activities, discuss the need for the project and how it will be funded.

### **Project Impact**

The impact of the project on the identified need for the activities will be compared to other applicants with: 0-20 no need, 25-45-below average, 50-70 average, and 75-100 above average.

The four criterion include:

- (i) A description of the alternatives considered to deal with the need for these activities in the area and rationale for selecting the proposed solution.
- (ii) An identification of how the proposed project will reduce or eliminate the needs and future plans to address any needs that remain.
- (iii) A discussion of other similar activities occurring in the proposed service area and how this project complements rather than duplicates those activities.
- (iv) A description on how this project fits in with the community or regions priorities.

**Work Plan and Budget** Work Plan/Budget/Evaluation – the overall work plan to implement the planning project will be compared to other applicants and meeting the detailed criteria: 0-20 no need, 25-45-below average, 50-70 average, and 75-100 above average.

The two criterion with up to 50 points each include:

- (i) A work plan and a narrative that lists and describes the activities and tasks, time frames, products or outcomes, and key parties (such as consultant, local government, or organization) responsible for completing each activity.
- (ii) The budget listed by specific activities and source of funds to complete each capacity building activity; details on matching funds; and source or sources of budget figures.

## **Tourism Development Initiative**

### **A. Tourism Development Initiative – State Objective:**

The state CDBG objective of the Tourism Development Initiative is to provide for investments in effective and affordable tourist attraction facilities to quality communities that are investing in long-term development. This provides a sound basis for assisting tourist attraction projects that have attracted significant financial support and are likely to have long-term positive impacts on their local and regional economies. Tourist attraction projects that serve the needs of both a regional economy and local community economy are a key element in satisfying the state objective.

### **B. How and What Projects may be assisted**

#### **Distribution of 2002 Tourism Development Initiative Funds:**

DED will award grants under the Tourism Development Initiative to eligible local governments to carry out tourism development projects, defined as tourist attractions (for profit or nonprofit, public or private) that are expected to draw 2,500 visits or more from origins of at least 100 miles away. Tourism attractions are sites and facilities that draw visitors from a distance because of their scenic, historic, cultural, scientific and/or recreational attributes. Tourist attraction projects also serve and provide facilities that service community activities along with regional activities. The projects focus on meeting and improving multi-faceted facilities for assisting in economic development at the local, regional, and statewide level. Tourist attractions meeting the national and state CDBG objectives may include:

- Historic restorations
- Scientific and educational interpretive educational sites and facilities, such as museums, cultural awareness centers and scientific educational centers;
- Participatory sports facilities;
- Convention centers;
- Cultural recreational sites and facilities; and
- Supporting activities include: removal of material and architectural barriers that restrict the mobility and accessibility to sites/facilities (for elderly and severely disabled persons) in support of eligible tourist attractions.

Ineligible activities (sites, attractions, and establishments) which serve more often as: tourism support facilities, other than attractions, such as eating and drinking places, commercial lodging accommodations, gasoline stations, and gift shops.

### **C. Threshold and Review Criteria for Submitting Applications**

#### **Tourism Development Initiative/Applicant Submission and Grantee Selection:**

Eligible local governments may individually or jointly apply only once and receive only one grant per year in the Tourism Development Initiative.

Applications will be submitted as prescribed in the Tourism Development Initiative application guidelines. Tourism Development Initiative applications will be accepted beginning May 6, 2002 through May 20, 2002. Applications will be accepted during this period based on U.S. Postal Service postmark date or date of delivery by other means.

Threshold requirements must be met prior to review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions underway that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan; and
- applicant has adopted authorizing participation resolution.

Tourism Development Initiative applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix. Applicants ranking highest in competitive order shall be selected for funding subject to the amount of funds available for each priority.

Applications recommended for approval through these processes will be presented to DED's director for recommendation to the governor for grant award. The DED director has the authority to ask for reconsideration or to submit the director's recommendation to the governor. All actions will be in compliance with the submission and selection criteria. The governor may use executive authority to make grant awards to local governments, provided all established criteria in this statement are met.

### **Tourism Development Initiative - Selection Criteria Matrix**

The matrix on this page delineates each selection criterion as a numerical score applied to the Tourism Development Initiative. The minimum total threshold score is 300 points (including no criterion with 0 points scored). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criterion will be scored in five point increments with all scored criterion divisible by five. Each selection criterion shall be scored on a scale. See chart below.

<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	
FINANCIAL	IMPACT	SUSTAIN- ABILITY	BENEFIT	READINESS	TOTAL
150	240	240	220	150	1000

**Financial Support-** the level of financial support (public and/or private) already committed to the project will be compared to other applicants with: 0-50 below average – lack of cash on hand or committed; average; 51-100 average – a solid commitment of cash that meets match requirements; and 101-150 above average – cash on deposit or otherwise secured that meets match requirements. (Maximum 150 points with a minimum threshold of 50 points)

**Project Impact-** the project’s potential for long-term positive impacts on local and regional economies will be compared to other applicants with: 0-80 below average – minimal impact on area support facilities and other attractions; 81-160 average – some impact provided on area support facilities and other attractions; and 161-240 above average – a strong impact on area support facilities and other attractions. (Maximum 240 points with a minimum threshold of 81 points)

**Sustainability-** the project’s potential for being a long-term operation will be compared to other applicants with: 0-80 below average –serious shortages in personnel budget, a plan to effectively operate, and ability to maintain facility for a long time; 81-160 average – some lack in personnel, budget, and/or plan to effectively manage, operate, and maintain the facility for a long time; and 161-240 above average – personnel, budget, and plan are in place to effectively manage, operate, and maintain the facility for a long period of time. (Maximum 240 points with a minimum threshold of 81 points)

**Benefit -** how the project will benefit the region’s and state’s existing tourism industry will be compared to other applicants with: 0-74 below average – no or minimal benefit identified in the application; 75-149 average – project provides some uniqueness to state’s inventory of attractions, and 150-220 above average – project is a distinct/unique attraction that is not repeated in region or state. (Maximum 220 points with a minimum threshold of 50 points)

**Readiness -** the project’s readiness to proceed, complete construction, and open within two years of the project award date will be compared to other applicants with: 0-50 below average – no demonstrated timeline or unsure of when ready to open the project to the public; 51-100 average – some doubt as to ability to complete project in a timely manner; and 101-150 above average – plans, land, and financing for operations ensure readiness to open within two years or sooner. (Maximum 150 points with a minimum threshold of 51 points)



## Section Five: Economic Development

*Develop economic opportunities by keeping  
Nebraska's industries, people and places competitive.*

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## **Strategies, Objectives & Measurements**

**The three (3) five-year strategies developed to meet this priority are:**

- + Keep Nebraska's Industries Competitive
- + Keep Nebraska's Places Competitive
- + Keep Nebraska's People Competitive

### **Background**

The primary objective of this priority is to develop viable communities and counties by expanding economic opportunities, principally for low- to moderate-income (LMI) persons. The state CDBG objective of the Economic Development category is to support businesses, including cooperatives that expand the state's economic base and create quality jobs for persons in the low-and moderate-income levels.

The following is a report on the activities the state plans to undertake during the next year to target economic development activities for CDBG funds. The CDBG allocations for economic development are structured around economic and business development. Resources must be addressed to serious problems affecting the local economic base. These include loss of population in 70 of 93 counties, inequitable distribution of income in the metro and non-metro areas, and the need for increased subsidy for food and housing.

### **The Economic Development Commission and CDBG Advisory Committee**

CDBG strategies result from more than 15 years of consultation with local communities and public comment. The selection criteria and priorities outlined in the Economic Development section of this Action Plan also were developed with advice of the Nebraska Economic Development Commission, as well as the CDBG Advisory Committee. Priorities and strategies support the state's anti-poverty strategy of creating jobs with livable wages, and are directed toward both workers and employers. The efforts for workers include assuring that education, job training, and skill development programs adequately prepare them for the jobs that are available. The business efforts include providing economic assistance, tax credits, and loans that attract new firms; retain/expand existing firms - especially businesses that hire low- and very low-income people; and assistance for new businesses and entrepreneurs.

Set up by state statute, the Nebraska Economic Development Commission provides leadership and advice to DED to strengthen Nebraska's position in the global economy. The Commission consists of nine voting members (three each from Nebraska's three congressional districts) and the DED director (as non-voting member).

The CDBG Advisory Committee, created in 1986, regularly consults with DED regarding the state's CDBG Program. The committee helps determine community development objectives, state priorities, and fund distribution guidelines. Committee members are appointed by the Nebraska Economic Development Commission upon recommendation of DED. The committee uses a sub-committee on economic development for consultation and advice.

The Nebraska Manufacturing Extension Partnership is a statewide center established in 1994 and administered by DED. The Nebraska Manufacturing Extension Partnership (MEP) was formed specifically to help manufacturers build on their strengths, identify and capitalize on opportunities, and increase competitiveness and profitability. The MEP organization is designed to capitalize on the geographic distribution of Nebraska's community colleges, supplementing the colleges' expertise in training with expertise from programs directed by the University of Nebraska-Lincoln Food Processing Center, the Nebraska Business Development Center and the Nebraska Department of Economic Development.

### **Actions for the 2002 Program Year**

Objectives and measurable actions planned between July 1, 2002 and June 30, 2003, for the three strategies are listed below:

#### **+ Strategy One**

#### **Keep Nebraska's Industries Competitive**

**Objective #1:** Expand value-added agriculture by providing technical services, job training opportunities, and financial assistance to existing and new businesses.

Performance Measurement: Nebraska's Manufacturing Extension Partnership (MEP) computer tracking system will identify the number of businesses served annually. Approximately four business loans will be made by June 30, 2003.

It has been determined that job training is a vital need for many Nebraska businesses to help strengthen the available workforce. DED will work with community colleges, vocational technical schools, and other educational sources to develop job training programs to meet identified needs. A tracking and reporting system will be implemented to count the number of participants in the various training programs by June 30, 2003. Reports generated at the end of the first and second years will determine the numbers of low- and moderate-income individuals benefiting from the training.

**Objective #2:** Diversify manufacturing companies through job training and providing technical and financial assistance to businesses statewide.

Performance Measurement: MEP computer tracking system will identify the number of businesses served annually with technical and financial assistance. Services will be provided to approximately 20 businesses by June 30, 2003.

**Objective #3:** Expand export-oriented services for businesses with national, international, and e-commerce trade by providing job training for low- and moderate-income individuals.

Performance Measurement: By June 30, 2003, the MEP computer tracking system will identify 30 participants in the job training programs.

+ **Strategy Two**  
**Keep Nebraska's Places Competitive**

**Objective #1:** Invest in communities that support businesses and its citizens, especially low- and moderate-income persons and special needs populations, in entrepreneurial opportunities.

Performance Measurement: Technical assistance services and small business loans will be tracked annually beginning with the new program year. By June 30, 2003 the state will update the assessment of the number of new jobs created for low- and moderate-income individuals or persons with special needs.

**Objective #2:** Enhance workforce adaptability by providing job training and upgrading skills of Nebraska workers.

Performance Measurement: The MEP computer tracking system will identify the number of individuals served during the period of July 1, 2002-June 30, 2003. It is estimated that approximately 200 individuals will be served in the 2002 program year. Impact will be determined based on the businesses responding and actual individuals served by training.

**Objective #3:** Target innovation and future workforces by providing job training to meet unfilled job positions.

Performance Measurement: MEP computer tracking system will identify the number of individuals served during the period of July 1, 2002-June 30, 2003. The number of individuals served in job training programs will be assessed after the first year of implementation. It is estimated that approximately 600 individuals will be provided job training in the 2002 program year.

+ **Strategy Three**  
**Keep Nebraska's People Competitive**

**Objective #1:** Strengthen economic capacity of communities by funding economic development projects that benefit businesses. Businesses will use funds to invest capital in equipment and facilities and create or retain jobs.

Performance Measurement: Approximately 400 jobs will be created or retained during the period July 1, 2002-June 30, 2003. The MEP computer tracking system and the new computerized grants management system will identify the number of communities, businesses and individuals served during the 2002 Program Year.

**Objective #2:** Support businesses and economic development focused activities that use information and telecommunications technologies.

Performance Measurement: Approximately three communities will be targeted for investment by June 30, 2003.

**Objective #3:** Strengthen capacity of communities for business attraction through investment in speculative buildings.

Performance Measurement: By June 30, 2003, invest through the speculative building program with partners and Nebraska communities in funding a minimum \$1 million in constructing new or rehabilitating existing buildings to be used as speculative buildings.

## **Economic Development Funding Category**

### **A. Economic Development – State Objectives**

The state CDBG objective of the Economic Development Category is to support businesses, including cooperatives that expand the state's economic base and create quality jobs for persons in the low-and moderate-income levels. Eligible for-profit businesses are:

- Manufacturing when the majority of sales are derived from interstate commerce.
- Service sector when the majority of sales are derived from interstate commerce.
- Tourist attractions (for profit, or nonprofit, public or private) which are expected to draw 2,500 or more visits from origins of at least 100 miles away. Tourist attractions are sites and facilities that draw visitors from a distance because of their scenic, historic, cultural, scientific, and/or recreational attributes. Examples of eligible attractions are historic restorations, museums, participatory sports facilities, and convention centers. Examples of ineligible businesses are those that serve more often as tourism-support facilities than attractions, such as eating and drinking places, commercial sleeping accommodations, gasoline service stations, and gift shops.
- Administrative management headquarters.
- Transportation when the majority of revenue is derived from interstate commerce.
- Speculative Building Program.

Ineligible businesses are (1) nonprofit businesses [ exception: tourist attractions] ; (2) retail operations; (3) businesses that derive revenues from gaming or solicitation of gaming activities; (4) businesses with projected revenues of 25% or more from the sale of alcohol or tobacco; and (5) production agriculture, including: crop production and the raising of livestock.

### **B. How Businesses may be Assisted**

#### **Distribution of 2002 Economic Development Category Funds:**

DED may award grants under the Economic Development Category to eligible local governments to assist businesses. The national objective for LMI benefit will be met through job creation or retention. State CDBG objectives will be met through the types of assistance described below and other forms of assistance that is part of an economic development project carried out by eligible local governments, eligible subrecipients or private for-profit entities. The type and level of assistance shall not unduly enrich the business or be unreasonable in relation to the achieved public benefit. If conditions warrant, the director of DED may commit a project for multi-year funding.

1. Direct loans for working capital and fixed assets, which include land acquisition and the acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings/structures and machinery and equipment. CDBG funds (including CDBG program income of the local government) shall not constitute more than 50% of the total project cost, unless the total project cost is less than \$25,000 (entrepreneurial development project). The CDBG loan terms shall be negotiated case by case based upon

the appropriateness of the project and shall generally: (a) carry an interest rate of no less than the current New York "prime" interest rate established by the most recent issue of the *Wall Street Journal*, or 50% of the project's primary lender's interest rate, whichever is less.

If a fractional figure is derived, it shall be rounded upward to the nearest 1/2% point; (b) be fully amortized during a loan term not to exceed seven years for working capital loans and the useful life of the fixed assets financed up to 15 years; (c) require personal and/or corporate guarantees; and (d) be secured by a mortgage, deed of trust and/or such other security as is appropriate. The CDBG loan typically constitutes a portion of the permanent fixed asset financing and will typically require an interim lender. Forgivable loans, in which the loan is forgiven based upon meeting job creation thresholds, are permitted in projects that significantly increase the benefit to lower-income persons and the public at large, and must be matched by the community's direct financial commitment (excluding CDBG program income funds and community improvement financing).

2. Job training assistance is available to for-profit businesses, provided total sales are not of a retail nature. Job training shall be available to businesses that require technical training for employees that will directly lead to increased sales and productivity, be non clerical jobs, or benefit retail or tourist attraction projects. In addition, future job training plans will be considered in awarding funds.
3. Deferred Loans for Equity for start-up businesses or existing businesses experiencing increased or rapid growth and difficulties in meeting equity capital investment requirements of private and public lenders. Start-up businesses are defined as businesses operational for less than five years, or buyouts of existing businesses in which the restructuring of ownership is essential for the creation or retention of LMI jobs. Increased and rapid growth is defined as increased or anticipated rapid growth in sales that outpace growth in working capital. Generally, CDBG Deferred Loans for Equity shall: (a) not constitute more than 49% (including CDBG program income of the local government) of the minimum equity requirements to leverage conventional and other public sources of financing; (b) carry an interest rate of not less than the current New York "prime" interest rate established by the most recent issue of the *Wall Street Journal*, or 50% of the project's primary lender's interest rate, whichever is less. (If a fractional figure is derived, it will be rounded upward to the nearest 1/2% point); (c) include repayment terms negotiated to begin at the end of the repayment of the initial primary loan; (d) contain a due on sale provision in the loan document that requires a payback if the business is sold; and (e) include evidence of sufficient working capital. Businesses (excluding microenterprise projects) that receive Deferred Loans for Equity are ineligible for direct loan and loan guarantee assistance.
4. Direct grants for public works improvements that are essential for the location or expansion of businesses and industries. Public improvements are limited to: water system improvements, including distribution, source, or storage; street (excluding bridges, underpasses, and overpasses), curb, gutter, or sidewalk improvements; sanitary or storm sewer system improvements; or flood and drainage improvements. When in support of any of the above activities, acquisition/easements, demolition and clearance



activities may be undertaken. Public works projects also must be matched by the community's direct financial commitment.

CDBG funds (including CDBG program income of the local government) shall not constitute more than 50% of the total public improvements costs. All project over sizing costs will be paid by the applicant and not be applied toward its 50% match.

5. Speculative Building Loan Program for communities that have a need for an industrial building. The purpose of the program is to provide an inducement for a nonprofit organizations or communities using Local Option Economic Development Act (LB840), or other local sources, to build speculative industrial buildings. Eligible uses of funds include the purchase of an existing building and making improvements, or the construction of a new building. The loan term will be no longer than 48 months. The loan may be partially or wholly forgiven if: (1) the building is completed within required time periods; (2) the building is sold or leased to an eligible business within required time periods; and (3) that business meets certain minimum wage payment requirements and job creation and job maintenance requirements.
6. Entrepreneurial development grants for business incubators, microenterprise development and information technology. Special statewide projects, which have an impact on entrepreneurial development and self employment.

### **C. Threshold and Review Criteria For Submitting Applications**

Eligible local governments may individually or jointly apply more than once and receive more than one grant in the Economic Development Category. Applications will be accepted by DED on or after July 2, 2002 and until all funds are committed. Applications will be submitted as prescribed in the guidelines.

#### **Threshold Screening:**

Projects will be prescreened by DED to determine if the following threshold requirements are met: (1) applicant is eligible; (2) activities are eligible and comply with national and state CDBG objectives; (3) applicant has no significant, unresolved audit finding; (4) applicant has no legal actions under way that may significantly impact its capacity; (5) business has no legal actions under way that may significantly impact the project; and (6) project will not result in the relocation of the business from the jurisdiction of one Nebraska local government to that of another unless: (a) there have been discussions with the appropriate local officials of the present jurisdiction; (b) there is a plan to mitigate the potential for dislocation of the current work force, and (c) there are compelling business reasons and public benefits.

## **Negotiating and Completing the Application:**

If all screening threshold requirements are met, DED will negotiate with the local government applicant and benefiting business on the terms and conditions of CDBG assistance. Negotiations will include, but are not limited to: appropriateness of CDBG assistance based upon a financial analysis to determine the amount of financial assistance is not excessive and meets the actual needs of the business; labor force considerations; reasonableness of costs; maximization of non-CDBG financing and the return on the CDBG investment based upon the health of the project; minimization of CDBG funds necessary to stimulate the private investment; verification of the terms and conditions of non-CDBG financial commitments; other public benefits as a result of the project. The applicant will hold a public hearing to allow its citizens the opportunity to comment on the application. Preparation of a Memorandum of Understanding will be a part of this phase of the process.

## **Review Criteria for the Application:**

Upon completion of negotiations and the application, the project will be presented to the CDBG Project Review Team for its consideration. In addition to the threshold criteria listed above, the Project Review Team also will use the following criteria for evaluation of the quality of the project:

- a) Minimum wages. The minimum wage paid when CDBG assistance is provided will be \$8.25 an hour. Generally, CDBG funds should be used to create and/or retain jobs that provide wage and benefits at or above those for similar occupations, or similar skill level positions in the local labor market.
- b) Jobs created/retained plus benefits equals the dollar amount of CDBG funds invested. Generally the maximum amount for a project will be determined by the wages and fringe benefits paid to the employees for new or retained positions for the 12 month period following the date of hire or retention. In no instance will the loan amount exceed \$35,000 for any position. Positions will be eligible for CDBG participation only if they are equal to the prevailing wages for similar positions in the area.
- c) Fringe benefits to be provided all employees. This includes health insurance, vacation and holiday pay, dental insurance and sick leave.
- d) Community contributions to the project.
- e) Longevity of jobs. Full-time and part-time positions that are available for at least six continuous months are preferred. Jobs are computed on a full time equivalent basis of 2,080 hours per year.
- f) Level of risk. The ability of the business to succeed and expand is considered. Cash flow, collateral coverage, marketing, sales, economic conditions, credit history, capacity, equity, management abilities, and feasibility analyses are considered.

- g) Community benefit. The importance of the business to the community, general diversification of the economy, geographic location, and opportunity costs are considered.

**Proceeding with Additional Application Review by the DED Director and the Governor:**

The Project Review Team recommends to the DED director that (1) the project be approved (2) the project be renegotiated, or (3) the project be disapproved, stating appropriate reasons. If renegotiation is recommended, reasons will be cited.

The DED director considers the Project Review Team's recommendation and forwards that recommendation and the DED Director's recommendation to the governor for the governor's approval, disapproval, or request for renegotiation.

**Grant Approval:**

Once the governor has approved the application, the requirements of the citizen participation plan have been met and all parties have signed the Memorandum of Understanding, a Notice of Approval will be sent to the applicant along with a contract for signature. Once this contract and all supporting documents are received by DED, and provided all special conditions of the contract are met, the Notice of the Release of CDBG Funds will be sent to the applicant.

The governor may use his/her executive authority to make grant awards to local governments provided all established criteria in this statement are met.

## **Entrepreneurial Development Funding Category for Economic Development**

### **A. How and What Projects may be Assisted for Entrepreneurial Development**

DED will award grants for Entrepreneurial Development to eligible local governments to carry out activities that will support business incubators, micro-enterprise development, information and telecommunications technology for business and special statewide projects to assist entrepreneurs and self-employment opportunities.

### **B. Threshold and Review Criteria for Submitting Applications**

Eligible local governments may individually or jointly submit a letter of intent describing the project need, impact on low- and moderate-income individuals, work plan and budget. The department will review each request and if accepted, negotiate and assist in developing a complete application, including compliance with all threshold requirements of the Economic Development Category.

Upon completion of negotiations, submission of a completed application DED will review and make recommendations to the director for approval. The director forwards his review to the governor who approves or disapproves the grant award

### **Grant Approval:**

Once the governor has approved the application, the requirements of the citizen participation plan have been met and all parties have signed the Memorandum of Understanding, a Notice of Approval will be sent to the applicant along with a contract for signature. Once this contract and all supporting documents are received by DED, and provided all special conditions of the contract are met, the Notice of the Release of CDBG Funds will be sent to the applicant.

The governor may use his/her executive authority to make grant awards to local governments provided all established criteria in this statement are met.

## **Section Six: Application Acceptance Dates and Categorical Distribution**

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## 2002 Application Acceptance Dates

### Housing, Community and Economic Development

#### *Nebraska Department of Economic Development*

<i>Table 4</i> <b>FUNDING PRIORITY/CATEGORY</b>	<b>APPLICATION ACCEPTANCE</b>	<b>APPLICATION CLOSING</b>
<b>Housing</b>		
ESG & HSATF	March 15, 2002	March 29, 2002
Rental Housing	March 15, 2002 Second Round	March 29, 2002 Dec. 28, 2002
Predevelopment	July 2, 2002	Open Cycle+
Regional Homeowner Programs	April 16, 2002	April 30, 2002
Owner-Occupied Rehab (Three communities or less)	March 15, 2002	March 29, 2002
Organizational Operating	December 21, 2001	January 4, 2002
<b>Community Development</b>		
Public Works	April 1, 2002	April 23, 2002
Water Wastewater	April 1, 2002	Open Cycle°
Planning – Cycle 1 Planning – Cycle 2	April 1, 2002 October 1, 2002	April 15, 2002 October 15, 2002
Tourism Development Initiative	May 6, 2002	May 26, 2002
<b>Economic Development</b>		
Economic Development	July 2, 2002	Open Cycle°

+ Applications are accepted on the first of each month until all funds are committed. DED and partners will consult and work closely with the applicants.

° Applications are accepted at any time.

## 2002 Categorical Distribution

Funding resources from CDBG, HOME, ESG, HSATF, and the NAHTF provide opportunities for creating decent, affordable housing and a suitable living environment, and expanding economic opportunity through economic self-sufficiency and quality jobs to Nebraska citizens and communities. Listed below are the three priorities consistent with *Nebraska Consolidated Plan* with fund reservations for each category. These funding resources are available for distribution to eligible program applicants and local governments.

Table 5 Priority/Category	CDBG	NAHTF	HOME <sup>18</sup>	ESG	HSATF	Maximum Award Amount
<b>I. Housing<sup>1</sup></b> <i>NE Affordable Housing Program &amp; NE Homeless Assistance Program<sup>2</sup></i> Homeless Shelter and Services <ul style="list-style-type: none"> <li>Rental Housing<sup>12</sup></li> <li>Housing Predevelopment<sup>16</sup></li> <li>Homeowner Programs – (Existing, New Construction &amp; Rehabilitation)</li> <li>Housing Organizational Operations</li> <li>Disaster Emergency Housing Fund</li> </ul>	728,174 - 4,660,317 (5%-32%) <sup>4</sup>	900,000 (18%) 3,400,000(70%) <sup>5</sup> 400,000 (8%) <sup>3</sup> 200,000	2,345,238 (49%) <sup>17</sup> 2,440,962 (51%)	499,700	1,460,000	400,000 50% Total Operatng Budget 200,000
<b>II. Community Development<sup>6</sup></b> <ul style="list-style-type: none"> <li>Water Wastewater<sup>10</sup></li> <li>Public Works<sup>7</sup></li> <li>Planning<sup>9</sup></li> <li>Tourism Development</li> </ul>	2,038,889 (14%) 728,174 - 4,660,317 (5%-32%) <sup>13</sup> 436,905 (3%) 0 - 436,905 (0%-3%) <sup>14</sup>					250,000/350,000 250,000/350,000 25,000/40,000 <sup>10</sup> 150,000 <sup>15</sup>
<b>III. Economic Development<sup>11</sup></b> <ul style="list-style-type: none"> <li>Economic Development</li> </ul>	6,262,301 - 6,699,205 (43-46%) <sup>14</sup>					500,000 <sup>11</sup>
<b>Total Distribution</b>	<b>\$14,563,490</b>	<b>\$4,900,000</b>	<b>\$4,786,200</b>	<b>\$499,700</b>	<b>\$1,460,000</b>	



<sup>1</sup> Housing Category applications require a match based on the activity and funding source (HOME, CDBG, NAHTF, ESG or HSATF). All NAHTF funded projects require a minimum 10% cash match, some activities require increased match. CDBG housing applications do not require match.

<sup>2</sup> NAHTF, HOME, CDBG, ESG, and HSATF funds are being used for eligible Housing & Homeless Activities; the appropriate funding source will be used in funding projects. Regional reservations will be considered when allocating NAHTF, ESG, & HSATF award funds. Actual allocation amounts of NAHTF Award funds will be subject to (1) legislative authority and (2) available funds in the NAHTF at the time of allocation.

<sup>3</sup> Applicants' operating budgets must demonstrate that at least 50% of total operating expenses are provided by funds other than NAHTF operating funds.

<sup>4</sup> Funds reserved *only* for owner-occupied rehabilitation programs (three communities or less) administered by units of local governments. The CDBG distribution amount is based on the need for public works projects. The awarded amount for owner-occupied rehabilitation programs is adjusted with the amount awarded for public works. A minimum of \$728,174 and a maximum of \$4,660,317 CDBG funds are available for distribution. HOME funds may be allocated in this category if all funds are not awarded in the Regional Homeowner Program applications.

<sup>5</sup> Up to \$200,000 will be designated for owner-occupied rehabilitation activities for persons with disabilities through the Making Homes Accessible Partnership. Up to \$200,000 will be designated for Nebraska Housing Resource, Inc. to provide Bar-None Housing prisoner-built manufactured housing to developers in rural areas for homeowner programs.

<sup>6</sup> All Community Development Category Activities require 25% match of the total public works/facilities project cost with the exception of general administration/audit.

<sup>7</sup> All Water, Wastewater and Public Works activities require 25% match of the total public works/facilities project cost with the exception of general administration/audit.

<sup>8</sup> Maximum CDBG amount is \$250,000 for a smaller community/unincorporated county (less than 2,500 population) and \$350,000 for a larger community/unincorporated county (2,500 or greater). The CDBG cost per beneficiary cannot exceed \$2,000.

<sup>9</sup> All planning activities require a 25% match (minimum 12.5% non-CDBG cash contributions) of the total project cost. General administrative activities require no matching funds and shall not exceed 5% of the CDBG funds awarded or \$500, whichever is greater. There is a \$100,000 reserved for Planning for Capacity Building which requires a 50% match with 10% of the match as cash.

<sup>10</sup> Maximum grant is \$25,000 per community/unincorporated county. Maximum grant for multi-community, county-wide, or regional planning projects may not exceed \$40,000. No more than 60% of CDBG funds allocated will be awarded from the first application cycle.

<sup>11</sup> Maximum CDBG amount shall not generally exceed \$500,000 per project per CDBG allocation year with a ratio of \$35,000 per job. There is a \$1,000,000 set-aside for the Speculative Building Loan Program. Maximum grant for entrepreneurial development activities is \$25,000. Local governments may participate in more than one program and submit or serve as a joint applicant in more than one project. A local government shall not apply or receive a grant for more than one project that includes the same activity or activities. There is \$200,000 reserved for special projects with statewide impact. Another \$200,000 is reserved for projects that are awarded for a statewide microenterprise service delivery system.

<sup>12</sup> No more than 50% of the total AHP funds for rental housing will be awarded in the first application cycle.

<sup>13</sup> Public works CDBG distribution amount is determined on a sliding scale based on need for public works activities. Need measurement is based on meeting thresholds. The following are thresholds for public works applications: applicant is eligible, activities are eligible and comply with national CDBG objectives and state CDBG priorities, applicant meets the minimum scoring thresholds, and applicant has achieved the percentages of CDBG funds drawn down or obligated for prior CDBG Community Development grants, additional details and thresholds can be referenced on p. 4-7. All applications that meet the need measurement are competitively scored and ranked. All applications that display need will be funded up to \$4,660,317, based on competitive ranking. The awarded CDBG amount in public works will adjust the awarded CDBG amount in housing rehab.

<sup>14</sup> Tourism development distribution amount is determined on a sliding scale based on need for tourism projects. Need measurement is based on meeting threshold. The following are thresholds for tourism development: applicant is eligible, activities are eligible and comply with national CDBG objectives and state CDBG priorities, applicant meets the minimum scoring thresholds, and applicant has achieved the percentages of CDBG funds drawn down or obligated for prior CDBG tourism development grants, additional details and thresholds can be referenced on p. 4-17. Projects displaying need will be competitively scored and ranked. All applications that display need will be funded up to a maximum of \$436,905, based on competitive ranking. Any remaining balance will be readjusted into the Economic Development category.

<sup>15</sup> The maximum Tourism Development grant award is \$150,000 and the minimum is \$20,000 with no more than 50% CDBG as the project cost.

<sup>16</sup> Predevelopment funding will be provided through the NAHTF Predevelopment Revolving Loan Fund instead of the 2002 NAHTF allocation

<sup>17</sup> State Designated Community Housing Development Organizations (CHDOs) receiving HOME funding for projects that meet the CHDO set-aside criteria will be awarded HOME funds as HOME CHDO set-aside funding. Eligible CHDO homeowner activities include Newly Constructed housing with downpayment assistance and/or development subsidy and Purchase, Rehabilitation and Resale with downpayment assistance and/or development subsidy. Eligible rental activities include projects in which the CHDO owns the project or has controlling interest and decision-making authority according to written agreements.

<sup>18</sup> 15% of the total HOME allocation will be awarded for CHDO set-aside.